

Section E. Project Narrative

a. Demonstration of Past Progress in Exchange Planning Core Areas

Rhode Island (RI) has made significant progress in the past year in planning for the implementation of a state Health Insurance Exchange (Exchange). Using funds from the federal planning grant received in September 2010, RI has completed tasks in each of the eleven core areas. Additionally, four key implementation projects are underway, funded through the state's Establishment One award: Exchange systems design, consumer support, reporting, and governance.

Much of the work to date has been completed or overseen by an interagency workgroup chaired jointly by Medicaid Director Elena Nicoletta, Health Insurance Commissioner Christopher Koller, and Lieutenant Governor Elizabeth Robert's Chief of Staff, Jennifer Wood. Workgroup participants represent the Executive Office of Health and Human Services, the Office of the Health Insurance Commissioner (OHIC), the Department of Health, and the Office of Lieutenant Governor Elizabeth Roberts.

RI has completed planning-related tasks in each of the core areas and made significant progress in our Establishment One-related projects, as detailed below. RI has achieved the eligibility criteria for Level Two funding. On September 19, 2011, Governor Lincoln Chafee issued an Executive Order that provides the necessary legal authority to establish the structure and governance of an Exchange.¹ The Executive Order creates an Exchange within the executive branch, guided by a Board of Directors. Significant financial planning has been completed, including a budget through 2014, a plan to achieve financial sustainability by 2015, and a plan to prevent fraud, waste, and abuse. The workplan and project narrative describe how RI will create, continue, and expand capacity to provide assistance to individuals and small businesses, including a call center. These accomplishments have grown out of a robust interagency and stakeholder process that will continue to support the development and implementation of Rhode Island's Exchange.

Exchange Planning: Progress in Each Core Area

Background Research and Findings

Short-Term Planning Related Tasks: Planning-related tasks include: (1) conduct analysis of the State insurance market; and (2) develop recommendations for Exchange structure based on this analysis. The analysis includes the number of uninsured in the State, the size of the current individual and small group markets, the number of carriers in each market, and market shares for the largest carriers.

Progress to Date: **Completed**

Rhode Island has completed the background research necessary to support an effective Exchange business plan. Our background research confirmed four key starting points for Rhode Island:

(1) *a long-standing **RItCare program***. In addition to the 105,000 Rhode Islanders under 133% FPL covered by our Medicaid and CHIP program known as RItCare, an additional 9,000 parents and 21,000 children are covered above 133% FPL. RItCare has established an effective carrier procurement model with quality standards and a low cost trend over time. There are two carriers that offer coverage through RItCare: Neighborhood Health Plan (67% market share) and United Healthcare of New England (33%).

(2) *a carefully regulated **individual market***. 14,000 individuals are covered through Blue Cross Blue Shield of RI (BCBSRI), which is statutorily required to offer health insurance to anyone who is not eligible for coverage in the small group or large group market, and is the only Rhode Island commercial

¹ Full text of the Executive Order at http://www.governor.ri.gov/documents/executiveorders/2011/Executive_Order_11-09.pdf

health plan offering coverage directly to individuals. Many subscribers who purchase non-group coverage are high-risk, with higher than average projected or actual medical costs. Many are also relatively low-risk, with a significant number of young, healthy individuals enrolled. To accommodate both types of individuals in the risk pool without setting prices so high that the healthier subscribers will forego coverage, BCBSRI has been allowed to use medical underwriting in this market and segregate subscribers into high- and low-risk rating pools. While the low-risk group subsidizes the premiums of the high-risk group, significant rate differentials still exist between the two pools.

A RI market merger study conducted in 2007 found that rates charged in the individual market are lower than what the individuals would experience in the small group market. RI anticipates that coverage levels in the individual market will increase in 2014, particularly among those eligible for subsidies. RI further anticipates that the two-pool structure will be merged into one pool. Preliminary analysis conducted to date indicates an *overall* small impact on individual market rates due to the impact of the Affordable Care Act (ACA) in 2014 (report forthcoming); however, some individuals may experience a significant change.

(3) *an active small group market*. Three health insurers cover approximately 84,000 lives: BCBSRI (69%), United Healthcare of New England (28%), and Tufts Health Plan (3%).

(4) *the state's small size and scale*. As described below, maximum enrollment and anticipated take-up of coverage has been carefully estimated. Given RI's small scale, volume estimates are very sensitive and will require continual updating and monitoring to ensure financial sustainability.

RI has taken a broad approach to projecting potential use of RI's Exchange, including the full range of Exchange services – from “shopping” for insurance both inside and outside the Exchange, applying for coverage through Medicaid or Exchange premium tax credit subsidy, to enrollment in a subsidized or unsubsidized Exchange insurance products. First, RI developed enrollment projections of individuals, including Medicaid expansion, subsidized or non-subsidized individual Exchange insurance products, and SHOP. To accomplish this, the RI team gathered and integrated multiple data sources including: Medical Expenditure Panel Survey (MEPS); American Community Survey (ACS); Current Population Survey (CPS); Mathematica (RI specific research); RI employer reporting data; and Medicaid enrollment data. RI used this data to project the following state estimates:

- Maximum eligible for Medicaid under new ACA eligibility rules
- Maximum eligible for a basic health plan if RI chooses to implement one
- Maximum eligible for subsidies under new ACA eligibility rules
- Currently enrolled in or with access to employer-based insurance, or individual “direct pay” insurance
- Number of uninsured undocumented immigrants who statutorily cannot access the Exchange

Dr. Jonathan Gruber worked with RI to model different scenarios of take-up rates of the uninsured, as well as to estimate rates of individuals moving between private insurance and Medicaid or the Exchange. This work resulted in estimates of the numbers of Rhode Islanders that will be enrolled in Medicaid, the Exchange (subsidized, unsubsidized and SHOP) and private insurance in 2014, as depicted below.

Insurance Status After Reform, including Take-up Assumptions—2014 (Legal Residents Under 65)

Current Insurance Status	Insurance Status After Reform, 2014 (in thousands)									TOTAL	% of Total
	Uninsured	Medicaid	Basic Health Plan	Exchange (with subsidy)	Exchange (no subsidy)	SHOP Exchange	Individual Insurance	Comm. Small Group	Comm. Large Group/SI		
Undocumented	19						<1		9	28	3%
Uninsured	36	16	7	13	8	1	-	3	16	100	11%
Medicaid	-	153	9	-	-	-	-	-	-	163	18%

Commercial Lrg/Sm Grp	-	4	2	8	9	16	-	65	491	597	66%
Ind. Insurance	-	1	1	3	3	-	4	-	-	13	1%
TOTAL	55	175	19	25	20	17	5	68	516	901	100%
% of Total	6%	19%	2%	3%	2%	2%	1%	8%	57%	100%	

Source: Census Bureau American Community Survey, RI Medicaid, Commercial insurance data as reported to OHIC, and Department of Homeland Security estimate of undocumented immigrants.

OHIC established a carrier reporting process to provide ongoing information about Rhode Island's commercial enrollment and market share by market segment, including the self-insured. A reporting template was developed for this purpose. Carriers began reporting this information last fall, including both historical and current data, and have committed to providing updates twice a year.²

Finally, the development of Rhode Island's vision and strategy for a Rhode Island based Exchange requires a solid understanding of the priorities and preferences of individuals and employers. RI conducted an initial market analysis to identify priorities and issues for individuals and small employers. This analysis is described further in the past progress section related to business operations. Active discussions continue to take place with stakeholders and consumers to develop and test business models for both the non-group and SHOP exchange.

Stakeholder Consultation

Short-Term Planning Related Tasks: Planning-related tasks include: (1) establish a stakeholder advisory committee with the support of the Governor and State legislature to solicit input on Exchange design and function by stakeholder groups; (2) complete stakeholder meetings that cover all regions of the State; and (3) establish, implement, and document a process for consultation with federally recognized Indian Tribal governments to solicit their input on the establishment and ongoing operation of the Exchange.

Progress to Date: Completed

Rhode Island has effectively established a stakeholder advisory committee, in accordance with our work plan. Upon passage of the ACA, Lieutenant Governor Elizabeth Roberts immediately organized a 150-member stakeholder group (the Healthy Rhode Island Task Force) that convened regularly from May to September 2010. Stakeholders participating in this group included: government officials; health plan representatives; consumer advocates; insurance brokers; small business representatives; health care providers; and other community members.

The task force was organized into subcommittees. The Exchange subcommittee, led by Deb Faulkner and with active participation from a broad range of stakeholders, was tasked with assessing legislation options and identifying RI's short and long-term priorities. Key short-term priorities identified were legislation, governance, and information technology (IT) systems—each of which have been the focus of the interagency workgroup from September 2010 to the present.

A task force report was released in September 2010, summarizing initial recommendations from each of the subcommittees.³ This report provided a strong, early foundation for the Rhode Island Health Care Reform Commission, which was formally established through an Executive Order by Governor Lincoln Chafee in January 2011.⁴ The Executive Order established a formal structure for stakeholder engagement, comprised of an Executive Committee of the Commission and a broad-based stakeholder group where members can participate in issue-specific workgroups and stakeholder-specific leadership councils.

² Latest enrollment trend data in Rhode Island are available here:

<http://www.ohic.ri.gov/documents/Insurers/Reports/2010%20RI%20Commercial%20Ins%20Enrollment/RI%20Commercial%20Insurance%20Enrollment%20Trends.pdf>

³ The full text of the report is located at <http://www.ltgov.ri.gov/taskforce/index.php>.

⁴ A copy of the Executive Order is available at <http://www.ltgov.ri.gov/rihrc/executiveorder.pdf>.

The Executive Committee consists of five state leaders: Lt. Governor Elizabeth H. Roberts (Chair), Secretary of Health and Human Services Steven M. Costantino, Health Insurance Commissioner Christopher F. Koller, Director of Administration Richard Licht, and Policy Director for the Governor Brian Daniels. The Executive Committee is charged with acting on the deliberations and recommendations from the broader Healthcare Reform Commission to make recommendations to Governor Lincoln D. Chafee for the implementation of specific reforms.

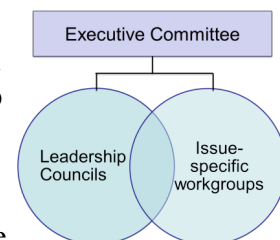
Currently, there are seven issue-specific workgroups of the broader Healthcare Reform Commission, each charged with key deliverables. One workgroup is focused specifically on Exchange planning and implementation. This Exchange workgroup is charged with the following:

- Ensuring establishment of appropriate legal authority for Rhode Island’s Exchange
- Supporting effective implementation of the Exchange planning grant activities
- Identifying regional opportunities for Exchange implementation
- Ensuring that IT infrastructure planning is aligned with the Department of Human Services modernization and MMIS redesign efforts, including all applicable federal and state statutes

The Exchange Planning Stakeholder Workgroup provides a valuable forum for RI’s Exchange planning process. It serves as a vehicle to test ideas and work together with diverse stakeholders to determine the best vision, strategy and business model for Rhode Island’s Health Insurance Exchange. To date, this stakeholder workgroup has discussed the following⁵: Exchange background and context; active purchasing (resulting issue brief [here](#)), benefit plan standardization (resulting issue brief [here](#)), strategic options for covering individuals through RI’s Exchange, strategic options for adding value to small businesses through RI’s Exchange, process for establishing Exchange via Executive Order, and priorities for Rhode Island’s Exchange.

In addition to the Exchange Workgroup, the Lt. Governor has also established stakeholder-specific leadership councils to advise on Rhode Island’s implementation of the ACA, including non-hospital institutional providers (health centers, community mental health centers, clinics, large group practices, nursing homes, etc.); hospital leadership; clinicians (defined broadly); business and labor; municipal leaders; health care consumers; and payers (public and commercial as well as brokers).

The leadership councils will provide critical input to the Exchange planning and implementation process, as issues can be vetted and tested with an informed and focused set of stakeholders. Stakeholder-specific leadership council participants may also participate in issue-specific workgroups. The full Healthcare Reform Commission meets quarterly, the Executive Council meets bi-weekly, and the workgroups and leadership councils will meet on an as-needed basis. The organization chart to the right depicts the Healthcare Reform Commission’s structure and composition.



Exchange planning leaders are consulting with the Narragansett Indian Tribe, Rhode Island’s only federally recognized tribe. The Exchange team’s process of consultation and communication with tribal leaders is integrated with the process already agreed to, established, implemented for the Department of Human Services’ Medicaid program to communicate and consult with the Tribe. An Agreement with the Tribe documents this consultation and communication plan in detail. Elena Nicolella, RI’s Medicaid Director serves as the primary contact with the Tribe for Medicaid and will also serve as the primary contact for the Tribe for the Exchange. As noted elsewhere in this document, Elena is co-chair of the Exchange Leadership Team. This plan will maintains a single, integrated process for communication and consultation on matters relating to state health insurance programs, including both Medicaid and the

⁵ All agendas and meeting materials are posted at <http://www.healthcare.ri.gov/commission/workgroups/exchange.php>

Exchange. The Exchange planning team welcomes the Tribe's input as the Exchange develops. If the Tribe wishes to raise an issue, idea, or concern to the Exchange, they may contact Elena Nicolella who will ensure that the Tribe's issues are considered. Following is a specific example of consultation and communication between the Tribe and the State's Medicaid Program and Exchange Planning Team:

- Autumn Leaf Spears, Director of the Narragansett Indian Health Center, serves as the Tribe's representative as a member of the Rite Care Consumer Advisory Committee. This committee has been meeting monthly since 1992 to advise the Medicaid Program, which is in the Executive Office of Health and Human Services (EOHHS). This meeting has served as the primary communication regarding both Rite Care (Medicaid) and recently for the Exchange for community organizations and member representatives. These meetings are very interactive, with the state sharing program updates and information, and also soliciting and receiving valuable advice from consumers and organizations representing consumers. Ms. Spears is notified of each monthly meeting and receives detailed meeting notes. The Health Insurance Exchange was added several months ago as a standing agenda item for all Consumer Advisory Council meetings.
- Additionally Ms. Spears met with Lieutenant Governor Roberts and the Exchange Planning team in September 2011 to discuss greater involvement in Exchange planning and establishment activities. She is included on all Exchange stakeholder workgroup communication.

Tribal representatives have been and will continue to be invited to attend public meetings about the Exchange. To date, these have been convened by Lt Governor Elizabeth Roberts and her staff, as described elsewhere in this document.

State Legislative/Regulatory Actions

Short-Term Planning Related Tasks: Planning tasks include: (1) draft enabling legislation, implementing regulations, or other mechanism that provides the legal authority to establish and operate an Exchange that complies with federal requirements; (2) introduce Exchange enabling legislation, and (3) hold public hearings on legislation.

Progress to Date: **Completed**

The interagency workgroup collaborated with Senate leaders, the Lieutenant Governor's office, Medicaid, and the Department of Health to draft authorizing legislation for an Exchange. Senate President M. Teresa Paiva-Weed introduced this legislation in the Senate in January 2011 (SB0087). On March 2, 2011, leadership in the House introduced companion legislation (HB5498). The legislation outlined a clear and accountable governance structure for the Exchange as a quasi-public authority. However, this bill ultimately was unable to pass the legislature.

In light of this, the Executive Committee recommended to the Governor that an Exchange be established through Executive Order. Prior to the 2011 General Assembly session there were already a number of authorities in Rhode Island statutes, including those governing the Department of Human Services, the Office of the Health Insurance Commissioner, and the Department of Health (HEALTH), for the executive branch to expand access to healthcare coverage for uninsured Rhode Islanders, improve quality and efficiency, and lower costs. The most comprehensive of these existing authorities is found in R.I.G.L. §42-62-16, §42-62-17, §42-62-18 and §42-62-20 creating the Health Resources Development Fund. This statute grants authority to HEALTH to administer a fund to, among other purposes, expand **“benefits for persons lacking adequate insured coverage, and the development and implementation of experiments in lower costs or to improve the quality, availability, and accessibility of health services.”** (R.I.G.L. §42-62-16(b)) The statute also authorizes the Department of Health to receive funds “from insurers or other entities” to fulfill these purposes (R.I.G.L. §42-62-17). Finally, the Governor is expressly authorized by R.I.G.L. §42-62-18 to designate a department other than HEALTH to implement

specific duties in the chapter and/or to create a new division within the Executive Branch to fulfill the purposes of the chapter.

The Executive Order, signed on September 19, 2011, establishes the Exchange as a division within the Executive Department called the “Rhode Island Health Benefits Exchange” (RIHBE), holding constant all of the attributes of the Exchange for which consensus was built around during the stakeholder process, including a board oversight structure, conflict of interest provisions, and the authority to implement the Exchange-related provisions of the ACA.⁶ The stakeholder community was consulted about this decision.

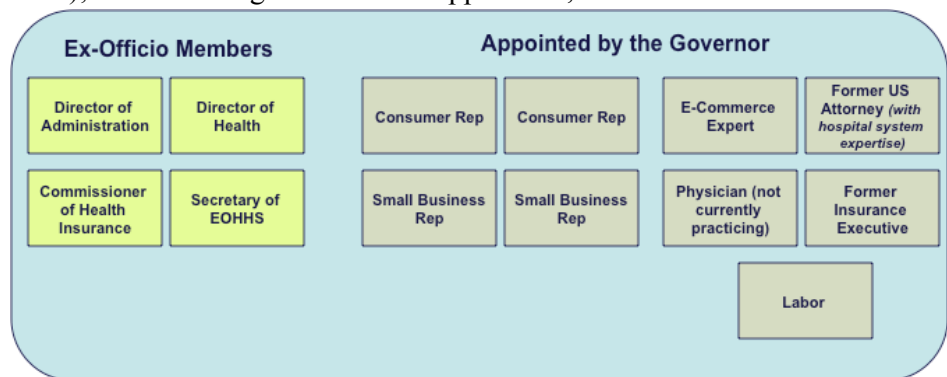
Governance

Short-Term Planning Related Tasks: Planning tasks include: (1) develop a governance model by working with stakeholders to answer key questions about the governance structure of the Exchange; and (2) determine standards for the Exchange governing body that will ensure public accountability, transparency, and prevention of conflict of interest.

Progress to Date: **Completed**

To develop the proper governance structure for the Exchange, RI reviewed and compared governance models in all publicly accessible draft Exchange legislation (e.g., NAIC, MA, WI, CA, WA), and then proposed a governance structure for RI, including appointed roles, appointment process, conflict of interest rules, and accountability. The Exchange Leadership team worked over many months with a wide array of key stakeholders to review and refine the drafted governance structure. Stakeholders consulted included consumer advocacy groups, members of the state legislature, business groups, and health insurers.

The Executive Order closely mirrors the language developed in consultation with stakeholders regarding the Board composition for Rhode Island’s Exchange. The 13 member board is comprised as follows: Director of the Department of Administration, Secretary of the Executive Office of Health and Human Services (EOHHS), the Health Insurance Commissioner, and the Director of the Department of Health (each ex-officio voting members); and nine gubernatorial appointees, with two small business representatives, two consumer advocates, and five experts. The Executive Order includes a strict conflict of interest provision that prohibits anyone with any financial interest in the health care sector from being appointed to the Board. The Board composition is shown to the right.



Program Integration

Short-Term Planning Related Tasks: Planning tasks include: (1) perform detailed business process documentation to reflect current State business processes; and (2) include future State process changes to support proposed Exchange operational requirements

Progress to Date: **Completed**

⁶ Full text of the Executive Order at http://www.governor.ri.gov/documents/executiveorders/2011/Executive_Order_11-09.pdf

Exchange planning and establishment must be tightly integrated with several other state agencies to operate most efficiently and effectively.⁷ Consequently, the interagency workgroup has been leading the development effort and is jointly chaired by Elena Nicolella (Medicaid Director), Christopher Koller (Health Insurance Commissioner), and Jennifer Wood (Chief of Staff for Lt. Governor Elizabeth Roberts) with active participation from the Department of Health. These departments will continue to provide critical leadership through RI's Establishment Two efforts. As described in the introduction to the Past Progress section, the interagency workgroup meets weekly to coordinate planning and implementation efforts between Medicaid and the Exchange, as well as stakeholder engagement activities. Additionally, OHIC and Medicaid executed a Memorandum of Understanding (MOU) to document their specific cross-agency collaborative efforts.⁸ The interagency workgroup identified, three primary short-term areas of program integration, which are described in detail in our Level One Establishment application: eligibility determination, data evaluation/reporting, and the Basic Health Plan option.

To complement RI's early eligibility determination alignment, RI documented business process changes needed to support proposed operational requirements. Supporting documentation for program integration business process analyses include the following: Rhode Island's eligibility determination report⁹ and subsequent Initial Advanced Planning Document (IAPD)¹⁰, Eligibility and enrollment presentation¹¹, and a shared, integrated view of web portal and eligibility domain documented by NESCIES.¹²

Rhode Island's data, evaluation, and reporting efforts continue to be a joint project between OHIC and the Department of Health. The MOU between OHIC and EOHHS covers this project. The Department of Health has worked closely with the interagency workgroup and Wakely Consulting to design an evaluation plan for the Exchange. This evaluation plan is discussed in more detail in Subsection d of the Project Narrative ("Evaluation Plan"). The data and evaluation plan identifies key data elements that are already available, defines a set of metrics important to exchange evaluation, and proposes strategies for collecting necessary data. The metrics collected cover four major areas: coverage, affordability, access, and quality. These metrics are aligned with nationally available sources, as much as possible, in order to ensure comparability to other states as well as to baseline data.

RI continues to view the Basic Health Plan (BHP) option as another opportunity for close coordination with Medicaid. RI currently provides Medicaid coverage to children up to 250% FPL and parents up to 175% FPL through RItE Care. This expanded coverage is supported by our RItEShare program, which provides qualified Medicaid families with premium assistance to pay for cost-effective employer-sponsored insurance (ESI), and for Medicaid-covered wraparound services not fully covered by their employer-sponsored plan. A Basic Health plan option would allow Rhode Island to keep families together, leverage the RItEShare program, and provide stronger alignment with our existing insurance market. If RI establishes a Basic Health Plan, an estimated 19,000 Rhode Islanders will be eligible. Wakely has provided RI with a detailed assessment of the impact of offering a Basic Health Plan option on Exchange enrollment, enrollment in other state programs, affordability of coverage, and impact on stakeholders. Wakely refined the initial analysis, with a revised report expected in the next few weeks. RI will make the decision as to whether or not to offer a Basic Health Plan option after federal guidance is released.

Exchange IT Systems

⁷ CALT → RI Exchange Collaboration → Establishment Two → "2_Program Integration PPT".

⁸ CALT → RI Exchange Collaboration → Establishment Two → "3_MOU_EOHHS_and_OHIC".

⁹ CALT → RI Exchange Collaboration → Establishment Two → "4_Eligibility System Provisional Report".

¹⁰ CALT → RI Exchange Collaboration → Establishment Two → "5_RI_Eligibility System IAPD".

¹¹ CALT → RI Exchange Collaboration → Establishment Two → "6_Joint Eligibility & Enrollment PPT".

¹² CALT → RI Exchange Collaboration → Establishment Two → "7_NESCIES Eligibility Domain – Shared Vision".

Short-Term Planning Related Tasks: Planning activities include: (1) gap analysis of our existing systems and the end goal for systems development by 2014; and (2) complete the review of product feasibility, viability, and alignment with Exchange program goals and objectives.

Progress to Date: **Completed, with ongoing assessment of Innovator Grant opportunities with Rhode Island’s technical architecture**

In March 2011, RI’s IT gap analysis specific to eligibility systems was completed.¹³ Over the summer, the remaining IT gap analysis was completed, which is described in more detail in Subsection c, “Summary of Exchange IT Gap Analysis.”¹⁴

The eligibility-related IT gap analysis was performed via a contract between the Department of Human Services and Public Consulting Group (PCG) to assess the status of Medicaid’s eligibility IT systems and recommend both an interim plan and long-term solution for eligibility determination to support all publicly subsidized health coverage. This work was led by the interagency workgroup described above. Importantly, this assessment led to the development of a coordinated longer-term vision among Medicaid and OHIC leadership and staff for a single, automated, real-time rules engine to support Medicaid, Exchange and other non-MA program eligibility determination in Rhode Island. It also enabled us to create a phased implementation plan, with a detailed budget and work plan established to support a July 2013 implementation deadline for Phase I. Ongoing conversations with CMS leadership suggest that our vision and phased work plan are consistent with CMS expectations.

For other Exchange IT functions, the State established an Operations Working Group to focus on the Exchange’s technical infrastructure. RI’s Operations Working Group worked with Wakely Consulting and KPMG to develop an initial Exchange Infrastructure Plan. Based on federal guidance and state IT analysis practices, the following core planning steps have been taken as for the Exchange IT System:

- Current State Assessment: Assessed current system capabilities
- To-Be Architecture: Developed an Exchange “to-be” architecture¹⁵ and technical roadmap¹⁶
- Gap Analysis: Defined specific current state functional and system gaps; identified system and implementation options to close identified gaps and realize the technical roadmap
- Applicable Standards: Reviewed state and federal standards required for use in future systems
- Resource Planning: Identified and estimated system design, development and implementation work effort and costs

The Rhode Island Exchange team has also engaged and solicited feedback from internal and external stakeholders including current operating units, policy and technology resources, and external subject matter experts to identify both existing capabilities and new capabilities that the State will need to support new processes emerging from the Exchange functions.

RI has begun developing business requirements for Exchange IT systems that comply with standards endorsed or adopted by the Secretary of Health and Human Services (HHS) pursuant to Sections 1104 and 1561 of the ACA, HIAA transaction standards, standards to ensure accessibility, and security and privacy standards consistent with federal law.

RI has actively participated as part of the New England States Consortium Insurance Exchange Systems (NESCIES) to engage in Early Innovator Grant activities. A technical lead, a business lead, and the Medicaid Director from each New England state comprise NESCIES’ steering committee. The consortium has worked to identify methods to maximize collaboration and reuse among members to

¹³ CALT → RI Exchange Collaboration → Establishment Two → “4_Eligibility System Provisional Report”

¹⁴ CALT → RI Exchange Collaboration → Establishment Two → “8_RI IT Gap Analysis”

¹⁵ CALT → RI Exchange Collaboration → Establishment Two → “9_RI Strategic Architecture Blueprint”

¹⁶ CALT → RI Exchange Collaboration → Establishment Two → “10_RI Roadmap and Budget”

reduce overall work effort and cost of building and eventually operating an exchange. Rhode Island will continue to collaborate with New England through the NESCIES' procurement of a systems integrator and the development of the detailed design requirements for shared solutions among participating states.

Financial Management

Short-Term Planning Related Tasks: Planning tasks include: (1) adhere to HHS financial monitoring activities carried out for the Planning Grant and under the Establishment Cooperative Agreement; (2) begin defining financial management structure and the scope of activities required to comply with requirements; (3) develop a plan to ensure sufficient resources to support ongoing operations; and (4) determine if legislation is necessary to assess user fees.

Progress to Date: **Completed**

Rhode Island has in place substantial statutory and regulatory requirements and supporting administrative procedures through our Department of Administration, to ensure appropriate financial management of any grant funds. These rules and procedures apply to any federal grant received by the state. For this project, a state restricted receipt account has been established, which protects these funds from state budgetary adjustments, and ensures that these funds can only be used for the specific purposes of the grant.

Grant funds have been and will continue to be administered through comprehensive, accurate, written procedures that have been approved by the Department of Administration to document all major aspects of the financial management system and ensure strict adherence to the procedures. This approach includes quality assurance to ensure that the financial management system disburses, tracks, and accounts for grant disbursements accurately. Since Rhode Island's Exchange is housed within an existing state agency (Executive Branch), these policies and procedures will apply to the Exchange ad infinitum.

Federal grant and cooperative agreement funds will support the development and startup of an Exchange, but not its ongoing operations. As described above, Rhode Island's Executive Order is grounded in existing statute that authorizes the Department of Health to collect surcharges, and therefore will not need additional legislation to do so once the Exchange is operational.

A critical planning task is the development of a plan for financial self-sustainability. A detailed work plan has been developed to identify key implementation elements and translate them into major Exchange development projects as described in Subsection b of the projective narrative. Draft enrollment projections have been developed, which, given RI's small population, are an important element of sustainability. Integrating the key implementation elements (cost categories) with enrollment projections (revenue opportunities) will allow continued refinement of a range of revenue/fee models to support a self-sustaining Rhode Island Exchange business plan. While the initial financial sustainability analysis and budgeting work suggest that Rhode Island can support fully operational individual market and SHOP exchanges, as well as serve as a health insurance information and "shopping" resource for all Rhode Islanders, it will be particularly important for Rhode Island to remain flexible in the design of its exchange and to adjust its operational model in light of on-going financial modeling and market research.

Program Integrity

Short-Term Planning Related Tasks: Exchange planning must ensure the prevention of waste, fraud, and abuse of Exchange Planning and Exchange Establishment grants.

Progress to Date: **Completed**

Regarding the exchange project, all financial activities within the Exchange planning and development process supported by this grant are reconciled and controlled through rigorous quality assurance and auditing processes. RI's quality assurance approach includes manual review and automated audit trails and controls to ensure that financial activities are accurate and appropriately processed. These procedures

include random samples of financial transactions to ensure that they are supported by appropriate documentation and operational procedures were correctly applied.

The new exchange entity must establish specific procedures for Exchange auditing, financial integrity, oversight and the prevention of fraud, waste and abuse. As such, RI's Executive Order includes substantial financial accounting and auditing requirements.

Health Insurance Market Reforms

Short-Term Planning Related Tasks: Broader than Exchange planning, OHIC works to ensure that health plans doing business in RI comply with commercial market reforms in the ACA.

Progress to Date: **Substantial work effort, not specific to Exchange planning**

Rhode Island has been a leader in commercial health insurance market reforms long before the development of the ACA. Rhode Island requires all Health Plans to be accredited by the National Committee on Quality Assurance (NCQA), as a condition of state licensure, setting a high bar for quality improvement processes and reporting for RI's Health Plans. In 1993, RI was one of the first state Medicaid programs to enroll Medicaid families into Health Plans on a mandatory basis, under a Section 115 Medicaid Research and demonstration waiver. In fact, the vast majority of RI's current Medicaid population, including families and adults with disabilities, are enrolled in their choice of Health Plan, with extremely high member satisfaction in this model.

In 1997 the state passed the Health Care Quality and Utilization Review Act that established certification and utilization review standards for health plans, and required internal and external appeals process. In 2000, Rhode Island passed guaranteed issue and adjusted community-rating laws for its small group market. Since the establishment of the Office of the Health Insurance Commissioner in 2004, commercial market reforms have focused on sustaining a guaranteed issue individual market, studying the merger of small and group markets, monitoring the small group market and establishing nationally recognized practices for rate review.

All this work has left Rhode Island well positioned to lead the implementation of the commercial market reforms in the ACA. Commissioner Koller testified on RI's work to the Senate Health, Education, Labor, and Pensions Committee, appeared with the Secretary of Health and Human Services in public forum to discuss these reforms, and currently serves on the Institute of Medicine's Commission to recommend criteria for the Essential Health Benefit package to the Secretary. Of note, Rhode Island has a robust and affordable non-group market, and already has in place protections such as guaranteed issue and guaranteed renewal. Preliminary actuarial modeling suggests that Rhode Island will have relatively little disruption or premium "shock" in 2014.

Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

Short-Term Planning Related Tasks: Planning tasks include: (1) outreach and education, including performing a market analysis/environmental scan to assess outreach/education needs to determine geographic and demographic-based target areas and vulnerable populations for outreach efforts—and develop an outreach and education plan to include key milestones and contracting strategy, and distribute outreach and education plan to stakeholders and HHS for input and refinement; (2) provide assistance, including coordinate with existing organizations in the State if applicable, and assure that the following services are available and sufficient to meet State residents' needs for assistance: help individuals determine eligibility for private and public coverage and enroll in such coverage; help file grievances and appeals; provide information about consumer protections; and collect data on inquiries and problems and how they are resolved; (3) analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of Exchanges; (4) call center, including collaborating with the State Consumer Assistance Program or Health Ombudsman

program if applicable, to determine if call center functionalities can be shared, and (5) Navigator program, including conduct preliminary planning activities related to the Navigator program including developing high level milestones and timeframes for establishment of the program.

Progress to Date: In Process; not yet completed

Operational planning efforts to date have focused primarily on defining business processes and technology required to support RI's Exchange. The Exchange will support a user-friendly, web based, automated approach that provides real time eligibility determination and enrollment in coverage. This web-based model must be supported by an effective customer support structure. The Exchange leadership staff work closely with the Department of Business Regulation as RI's Consumer Assistance Program is established, in order to ensure a coordinated, complementary approach to consumer assistance.

A key task of RI's planning grant is to provide the initial gap analysis for customer support—identifying and documenting the “as is” consumer support processes, including the existing Medicaid customer support capacities, the infrastructure already available in the commercial insurance market, and the state's newly funded consumer assistance program. Consumer assistance expertise has been recently procured to assist Rhode Island in completing this gap analysis this fall. As described in detail below, the consumer assistance project funded through Establishment Level One will define in detail the gaps between RI's existing consumer assistance infrastructure and future needs, as well as develop and implement a purchasing strategy to supplement existing consumer assistance infrastructure within the state.

Business Operations/Exchange Functions

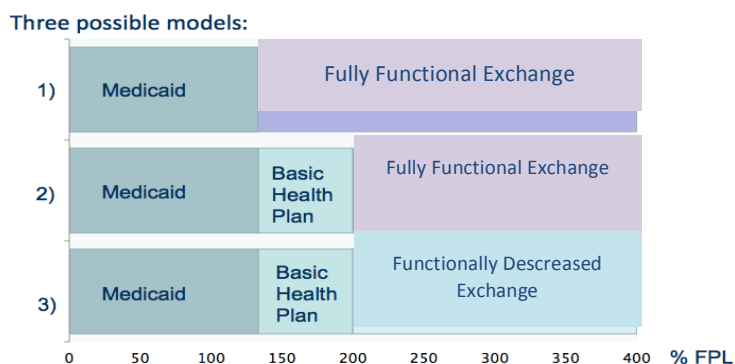
Short-Term Planning Related Tasks: Planning tasks include: (1) eligibility, which includes coordination with agencies administering other Applicable State Health Subsidy Programs (OASHSPs), including Medicaid, CHIP agencies and other health and human services agencies as appropriate, and creation of an institutional structure to support future work; (2) coordination with the State Department of Insurance on Exchange planning efforts; (3) certification of Qualified Health Plans, which includes beginning to develop standards that will be required for certification of a qualified health plan; and (4) other business operations/Exchange functions classified as “implementation related,” including Exchange website and calculator, premium tax credit and cost-sharing reduction administration, enrollment process, applications and notices, exemptions from individual responsibility requirement and payment, free choice vouchers, quality rating system, and information reporting to the IRS and enrollee.

Progress to Date: Mostly completed

As described in detail in RI's Establishment Level One application and IAPD, Rhode Island developed a detailed interagency plan to replace the state's existing eligibility determination infrastructure with real-time, automated determination in three phases over time: first for all MAGI-eligible populations, then for more complex Medicaid populations, and finally for all other human services programs, such as TANF, SNAP, and Child Care.

In addition, RI, with assistance from Wakely Consulting, developed and researched innovative models for structuring its individual market and SHOP exchanges. These models consider the unique features of Rhode Island's insurance market, including its small scale, limited number of carriers, and carefully regulated markets. On the non-group side, these models include consideration of both “fully functional” and “functionally decreased” Exchange, as well

Potential Exchange Models: Individuals



as a preliminary assessment of whether the state should pursue a BHP. For the SHOP exchange, Wakely developed different models of employee choice, ranging from a full employee choice model (such as through a defined contribution), a single issuer model, and a model that would leverage regional exchanges. Examples of the models considered are shown to the right.

SHOP Exchange Models

1. Limited choice model

	Health Plan A	Health Plan B	Health Plan C	Health Plan D
Platinum				
Gold				
Silver				
Bronze				

Let employees pick (pay or save) a plan?

3. Full employee choice model

	Health Plan A	Health Plan B	Health Plan C	Health Plan D
Platinum				
Gold				
Silver				
Bronze				

Fixed contribution, most choice for employees?

2. Regional (outsourced) model

	Health Plan A	Health Plan B	Health Plan C	Health Plan D	Health Plan E	Health Plan F
Platinum						
Gold						
Silver						
Bronze						

Employees could choose a MA or CT plan?

4. Single carrier model

	Health Plan A
Platinum	
Gold	
Silver	
Bronze	

A single plan, with savings based on EOS?

Rhode Island began discussion of these models with the stakeholder community and investigated the tax, legal, regulatory, and operational feasibility of these models, as well as carrier interest in participation. In addition, RI initiated market research, including focus groups and in-depth interviews with small employers and employees of small business, to understand their preferences around these models. This analysis and research will continue as the state moves forward, to ensure that the exchange structure meets the needs of individuals and small businesses in the state.

RI will develop certification standards for qualified health plans as part of the planning work to be performed this fall and spring, upon seating the Board and hiring Exchange staff. The Executive Order explicitly gives the Exchange the following authority regarding qualified health plan selection: “The Rhode Island Health Benefits Exchange (RIHBE) shall seek to contract with carriers so as to provide health care coverage choices that offer the optimal combination of choice, value, quality, and service. In selecting products that provide value to consumers and small businesses, the RIHBE shall seek to promote cost containment and quality improvement through all available means, including, but not limited to: payment reforms that incentivize the efficient delivery of quality health care; aligning purchasing strategies with other state agencies; and standardizing products.”

A significant portion of the work supported by the Establishment Level One application will support the next steps of Exchange (non-eligibility) business processes and systems development. This fall, Establishment Level One funding will be used to move to the next step of creating detailed business processes and workflows and specifying technical infrastructure requirements in concert with existing and forthcoming federal guidance. This work is carefully coordinated with the work of NESCIES. The timeline has been carefully designed this project’s timeline to best prepare for the first round of deliverables anticipated from the Consortium project.

Establishment One

Rhode Island has made significant progress with each of our proposed projects under Establishment One. We are on target to meet our deadlines, as shown in the baseline indicator snapshot below:

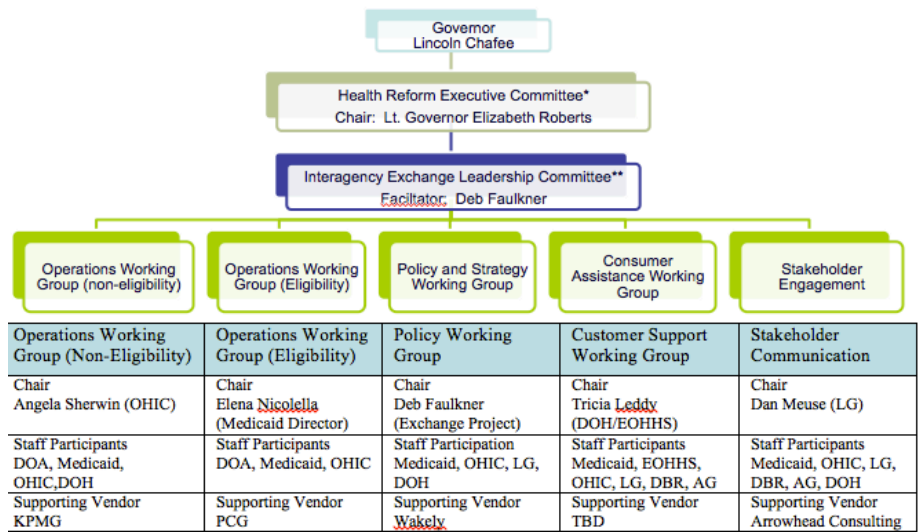
Indicator	Project Lead	Targeted Start Date	Targeted End Date	Status (red, yellow, green)
1. Business Ops, Prog Integration & Systems	Project Director			
A. Eligibility				
Procurement				
Develop RFP	Art Schnure, Project Lead, Medicaid/	May-11	Aug-11	
CMS review	Exchange Eligibility	Aug-11	Oct-11	

Release RFP, procure vendor		Oct-11	Mar-11	
CMS approval of contract		Mar-12	May-12	
DD&I (Phase 1)				
Initial Design		May-12	Jul-12	
Configuration/development		Jul-12	Mar-13	
Testing		Mar-13	Apr-13	
User Acceptance testing		Apr-13	May-13	
Training		May-13	Jun-13	
Implementation		Jun-13	Jun-13	
B. Exchange (Non-Eligibility) & SHOP Operations		Project Lead, Exchange business operations & systems architecture (via Est. One Services RFP)		
Gap Analysis	Jun-11		Sep-11	
High Level Processing Mapping	Jun-11		Sep-11	
Vendor Landscape Assessment	Jun-11		Sep-11	
Purchasing Strategy	Aug-11		Sep-11	
Technical and functional requirements	Sep-11		Dec-11	
Develop RFP(s)	Dec-11		Feb-12	
2. Consumer Support				
Gap Analysis	Lead, Consumer Support (via Est. One Services RFP)	Jul-11	Sep-11	
Process Design		Sep-11	Dec-11	
Appeals Detail		Sep-11	Dec-11	
Technical and functional requirements		Jan-12	Mar-12	
Develop RFP(s)		Mar-12	May-12	
3. Reporting				
Gap Analysis	Lead, Reporting (via Est. One Services RFP)	Sep-11	Dec-11	
Process Design, key sources identified		Sep-11	Dec-11	
Technical and functional requirements		Jan-12	Mar-12	
RFP(s), As Needed		Mar-12	May-12	
4. Governance/Staffing				
Director	Project Director (via Est. One Services RFP)	Sep-11	Nov-11	
Core Staff		Sep-11	May-12	

At present, our team is organized to complete this work as shown in the diagram to the right.

Through a competitive procurement for Establishment One Services,¹⁷ Rhode Island has selected a vendor and is actively in contract negotiations with the vendor for project management services and key staff support for Establishment One projects. Progress on specific projects includes:

1a. Eligibility: Since May, RI has made continued progress in planning for the eligibility procurement. RI drafted and submitted an



* The Executive Committee is chaired by Lt. Governor Roberts and includes the Secretary of EOHHS, the Director of the Department of Administration, the Health Insurance Commissioner, and the Governor's Policy Director.

** The Exchange Leadership Committee is facilitated by the Exchange Project Director, Deb Faulkner, and jointly chaired by the Health Insurance Commissioner, the Medicaid Director and the Lt. Governor's Chief of Staff, each with one supporting staff member participant.

¹⁷ CALT → RI Exchange Collaboration → Establishment Two → "11_Establishment One Services RFP"

IAPD to CMS in June that details this project, and submitted revisions to this plan in September. RI has committed to collaborate with the New England Consortium to design and procure common components of an integrated exchange platform. Over the next several months each participating state will both continue with its own detailed design process and participate in a collaborative effort at detailed design for shared components. Each participating state may need to contract with their own systems integrator to both customize the NESCIES components and/or develop those components that are not a part of the collaboration. RI will closely examine the ability to leverage components from NESCIES throughout the detailed design process.

1b & 1c. Exchange (non-eligibility) and SHOP operations: As RI worked closely with Wakely and KPMG to develop Rhode Island's strategic architecture blue print, budget, and roadmap to implementation, RI determined that projects 1b & 1c are best served as a single integrated project rather than two separate and distinct efforts. This effort also must be closely coordinated with Project 1a. Work is ongoing to integrate the timelines and workplans for each project to condense it into a single project. KPMG and Wakely have assisted Rhode Island by beginning a high-level business process mapping, a purchasing strategy, and a vendor landscape assessment. These projects will be completed this fall.

2. Consumer Support: RI issued a request for proposals for a consumer assistance expert to work with the state's interagency team, and identified a project lead through the Establishment One Services contract. We selected a vendor to provide consumer assistance expertise and are actively in contract negotiations. We anticipate the majority of this project to be completed this winter.

3. Reporting: A project lead has been identified through a technical assistance contract with Establishment One funding. This will result in a procurement for an analytic and reporting vendor to design and implement a comprehensive Exchange reporting and evaluation plan using RI and national publicly available data, Exchange administrative data, new data available through RI's all payer claims database, surveys, etc. A procurement for reporting related to Rhode Island's all-payer claims database is underway and will be closely coordinated with the Exchange reporting project.

4. Governance and Staffing: As described above, technical assistance resources are in place to support and manage the projects deliverables within RI's Establishment One grant. Additionally, OHIC has hired a grants manager to oversee all reporting, tracking, and processing of grant funds. With the Executive Order recently in place, the Exchange will begin hiring key staff once the Director has been appointed by the Governor.

b. Proposal to Meet Program Requirements

Rhode Island is working diligently to define, specify and operationalize a state-based health insurance Exchange by July 2013. While many details will be defined through our stakeholder processes and newly established governance this fall, a general vision and strategy has emerged.

Defining the Customer

RI's Exchange will provide a robust marketplace for all Rhode Islanders to identify insurance coverage options and provide an online "store" for those eligible to receive or purchase coverage. Thus the Exchange will have a broad customer base, including Medicaid eligible individuals and families, subsidy eligible individuals and families, individuals and families purchasing without any subsidy, small employers and their employees, and employees of large employers.

As Deb Bachrach (Manatt, Phelps and Phillips, LLC) explains, *"...while many talk about aligning Medicaid and the Exchange, it is more accurate to consider and plan for Medicaid's role in the Exchange: first, as a subsidy option, and second, as coverage vehicle."* We anticipate that Medicaid will be both an important customer of and a valued vendor to the Exchange. That is, Medicaid eligible individuals will use the portal (either alone or with the assistance of Navigators) to identify health insurance options, determine eligibility, and seamlessly purchase insurance. Additionally, eligibility will

be determined through a new, jointly designed eligibility rules engine. This will include Medicaid, CHIP, Basic Health Plan (if offered), and Exchange eligibility, including determining eligibility for a federal subsidy, as well determining eligibility to purchase coverage through the Exchange (citizenship).

Rhode Island is carefully considering a Basic Health Plan option. While analysis is not yet finalized, preliminary analysis suggests this option may fit well with Rhode Island’s starting point. This decision will depend on federal guidance on the proposed 95% financing rule, a detailed financial assessment, careful review by the Exchange Board, and input of community stakeholders.

The Exchange will also provide a place for employees with coverage provided by their employer to research health insurance options and determine coverage affordability. We anticipate that this will be a critically important function—by our estimates 14% of Rhode Islanders currently covered by employers are enrolled in coverage that is NOT affordable by the federally defined standards. As such, these populations will look to the Exchange to determine health insurance options, and evaluate subsidy options—even if they ultimately choose to remain with their employer-based coverage.

Developing a value proposition

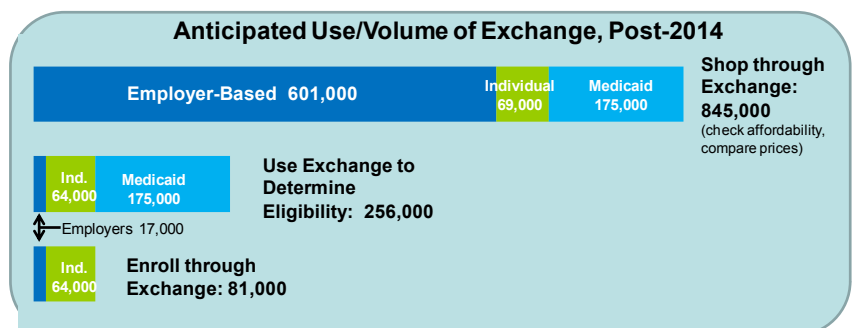
For individuals, we see four key elements of the value proposition. First the Exchange will be a marketplace, a place to shop, offering transparent and clear carrier and product options. Second, it will provide access to federal subsidies—with essentially a captive market, as it will be the only place that Rhode Islanders can access the tax credit. Third, it will provide simplified, automated on-line program eligibility determination for publicly funded health insurance programs, including tax credit, Basic Health Plan and (most) Medicaid eligibles. And fourth, it will provide automated purchasing—click and enroll in health insurance.

For small employers, the Exchange will be the sole source for access to the Federal small employer tax credit. Studies show that up to 82% of Rhode Island small employers may be eligible for this tax credit as of 2010.¹⁸ A complete value proposition for small employers is still under exploration. To that end, RI initiated market research and stakeholder outreach this summer to assess the needs of Rhode Island’s small employers and how the SHOP exchange can best address those needs.

One potential value proposition for small employers is the opportunity for the exchange to differentiate itself in the marketplace by offering more employee choice than is currently available in the small group market. For example, one SHOP exchange model described in the NPRM in July 2011 allows an employer to provide a contribution to employee coverage, and the employee to choose any plan on any tier. By introducing more employee choice of plans than is typically available to small groups, the SHOP exchange could change the dynamic of the market by creating opportunities for “niche” carriers or products to compete. Medicaid health plans may be positioned to offer such a product. RI is actively “testing” different SHOP models with small business owners and representatives from the small business community, as discussed in our description of our progress to date.

Financial Sustainability

Rhode Island’s small scale presents an important and concrete challenge in the design and implementation of an insurance Exchange. RI is acutely aware of the importance of creating an Exchange that is financially sustainable, particularly in light of a recently completed analysis suggesting a projected exchange enrollment of



¹⁸ Families USA, 2010.

65,000 in the individual Exchange and 17,000 in SHOP. However, RI's web portal and eligibility systems will have to support a number of users much larger than will actually enroll through the exchange, as shown above.

Rhode Island has adopted a three-pronged approach for creating a financially sustainable exchange:

1. **Efficiency:** Efficiency is an important cross-cutting issue for RI in exchange design. Many of the projects described below analyze opportunities for RI to find efficiencies in establishing and operating an exchange, including leveraging resources from other agencies, collaborating with regional entities, and developing operational models that minimize the exchange's administrative footprint. Automation, creative partnerships (both within and outside government), and thoughtful decision-making around what to build vs. buy will be hallmarks of RI's exchange design and implementation process moving forward. RI's collaboration with NESCIES will consider ways in which the state can leverage "re-usable" critical system components and utilize technical infrastructure and associated capabilities.
2. **Revenue Structure:** The Rhode Island exchange will serve a greater population than just its predicted enrollment. The web portal housed by the exchange will be the domain with which all individuals, including Medicaid eligible, access the eligibility determination process. Others may use the exchange to check affordability and compare prices. RI's sustainability planning will examine a range of funding mechanisms, including creating opportunities to capture revenue from this base of more broadly-defined exchange "users."
3. **Iterative Process:** A substantial percentage of the anticipated build and ongoing operational costs of exchange implementation is related to information technology. These costs are highly dependent upon structure of procurements, the proposals of vendors, and the reusability of innovator state technology developments. RI anticipates an iterative process of vendor assessment and negotiation, where a maximum technical budget is established, and functional and operational requirements are scaled to meet that budget, taking into account opportunities to leverage outputs from RI's collaboration with NESCIES. Based on this approach, Rhode Island anticipates that the estimated build and operational costs of exchange implementation shall be carefully refined during our detailed design phase, and reviewed in detail at the final DDR gate review with CMS/CCIIO.

This approach allows Rhode Island to be dynamic in its response to changes in the marketplace, as well as responsive to unexpected changes in funding/revenue streams. RI is preparing to operationalize a fully functioning exchange, but will adjust various functions and components if required, given an ongoing assessment of financial sustainability and market testing.

Workplan and proposed projects:

In parallel with refining RI's vision and value proposition for the Exchange, RI has been defining the state's strategy for achieving a successfully operating Exchange. Successful implementation of RI's vision requires an aggressive, carefully orchestrated change initiative, impacting:

- Business policy, practices and processes across multiple enterprises;
- People, roles and responsibilities, and organizational structures within these enterprises; and
- Systems and technology solutions that support the new policies and practices.

The first step was to define the "To Be" business processes and technical architecture required to support RI's vision, along with the gaps in existing processes and infrastructure, so as to create a blueprint and roadmap for Rhode Island's exchange. A first draft of this effort is completed, and summarized in Subsection c, Summary of Exchange IT Gap Analysis. At a high level this assessment describes what RI needs, and compares it to existing state infrastructure and capacity.

Based on key learnings from this effort, RI has established the following strategic principles:

- Single, Integrated Project: The exchange will be implemented as a single, integrated project led jointly by Medicaid and the Exchange. As part of this project, existing Medicaid eligibility systems will be replaced by a web portal and eligibility domain that support both Medicaid and the Exchange.
- Outsourced implementation: Rhode Island will identify one or more service providers to operate the business processes or implement and operate IT solutions to support both Medicaid and the Exchange.
- Leveraging Innovator Grant: Rhode Island is committed to collaborating with the New England Consortium for technical components of Rhode Island's Exchange, as appropriate and feasible.

These strategic principles provide the underpinnings for RI's workplan and project proposal. The Work Plan and Timeline, provided as Attachment F, translates these strategic elements into seven detailed operational projects to be funded under the Establishment Two Agreement and performed between November 2011 and December 2014. RI organized this proposal around these seven projects because these projects will define the structure of both the procurement and staffing strategy from now through 2014. Taken together, these projects meet the expected milestones within each core area. The table below shows how the proposed projects crosswalk with the core areas:

RI Level Two: Proposed Projects by Core Areas

Project	Core Areas Addressed
Project 1: Operations/IT Infrastructure	
1: Operations/IT Infrastructure	<ul style="list-style-type: none"> ●Program Integration ●Business Operations: Exchange website, premium tax credit and cost-sharing calculator, eligibility determination, enrollment, applications/notices, individual responsibility determinations, administration of premium tax credits and cost-sharing reductions, appeals functions, SHOP
Project 2: Consumer Support	
2a: Appeals/Complaints	<ul style="list-style-type: none"> ●Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints ●Business Operations: Appeals functions
2b: Call Center	<ul style="list-style-type: none"> ●Business Operations: Call Center
2c: Navigators and Brokers	<ul style="list-style-type: none"> ●Business Operations: Navigator Program
2d: Outreach and Education	<ul style="list-style-type: none"> ●Business Operations: Outreach and Education
Project 3: Reporting and Evaluation	
3: Reporting and Evaluation	<ul style="list-style-type: none"> ●Oversight and Program Integrity ●Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints ●Business Operations: Information Reporting to IRS and Enrollees
Project 4: Governance and Staffing	
4a: Governance	<ul style="list-style-type: none"> ●Governance
4b: Staffing	<ul style="list-style-type: none"> ●Financial Management ●Oversight and Program Integrity ●Business Operations: Navigator Program
4c: Project Management	<ul style="list-style-type: none"> ●Project Management ●Legislative and Regulatory Action ●Financial Management
4d: Stakeholder management	<ul style="list-style-type: none"> ●Stakeholder Consultation
Project 5: Health Plan Certification and Qualification	
5: Health Plan Certification and Qualification	<ul style="list-style-type: none"> ●Business Operations: Certification, Recertification, and Decertification of QHPs, Quality Rating System
Project 6: Financial Sustainability	
6: Financial Sustainability	<ul style="list-style-type: none"> ●Background Research ●Program Integration ●Financial Management ●Health Insurance Market Reforms ●Business Operations: Risk Adjustment and Transitional Reinsurance
Project 7: Oversight and Financial Integrity	
7: Oversight and Financial Integrity	<ul style="list-style-type: none"> ●Financial Management ●Oversight and Program Integrity

Project 1: Operations/IT Infrastructure

Technical Architecture and Vision

RI is committed to the design, development, and implementation of a health insurance exchange by 2014 that is based on a modern Web Services Oriented Architecture (WSOA) and is presented in a customer-centric manner. To make RI's vision a reality the following five components are critical and will be prioritized in RI's procurement of new systems and technical components: (1) Exchange Portal, (2) B2B Gateway, (3) Eligibility Rules Engine, (4) Audit Systems; and (5) Security Systems.

Through the Exchange IT systems, core exchange processes, and customer service teams, the technical architecture of the health insurance exchange will link existing systems with newly developed Exchange functions to deliver a flexible and real-time transaction processing model using the Internet.

Recognizing that legacy systems and business processes may not fit within this transaction model, these systems will be integrated into the health insurance exchange via an enterprise service bus that acts as a messaging broker between the State's existing system and the health insurance exchange.

Based on the business process and existing systems analysis (described in the Summary of IT Gap Analysis), the State considered the options below in determining that **the best path forward for Rhode Island is to procure a health insurance exchange platform.**

Options considered in the development of exchange implementation strategy

Option	Description
Reuse	Reuse functional or technical components from existing Rhode Island IT assets.
Build	Develop the Health Insurance Exchange solution using application development tools and supporting technology components (e.g.: SQL Server, Oracle, .NET, Java, etc.).
Configure	Acquire, configure and integrate one or more Commercial off-the-Shelf (COTS) packages to build the Health Insurance Exchange solution.
Leverage	Leverage solutions from early innovator states or the federal government; acquired systems would be configured and customized to meet the needs of Rhode Island.
Hybrid	This option could involve any of the above options. Components could be built, purchased from a COTS vendor, or acquired from another state or the federal government.

Rhode Island plans to review components of the NESCIES solution and focus its target solution on those that maximize their configurability. As part of NESCIES, Rhode Island is focused on its potential for:

- Providing Exchange system components for configuration that mitigate the need for individual states such as RI to build the same functions;
- Eligibility rules and standards-based expression of those rules in XML;
- Integration patterns between legacy mainframe systems and a real-time transaction system;
- Reports and program integrity processes that ensure appropriate audit trails and process verifications;
- Lessons learned from integrating system components from different vendors; specifically, were NIEM standards sufficiently detailed;
- Initial integration experience against the data services hub for conducting real-time verification against federal information services; and
- Test cases and outputs from integration experience against web services exposed via data services hub.

In addition to participating in the detailed design of the components with NESCIES, Rhode Island will monitor the progress of the above elements by NESCIES and other early innovator grantees and determine performance and schedule requirements necessary for inclusion in Rhode Island's Exchange. Rhode Island will separately procure any needed technology components that are not leverageable from NESCIES or other early innovator grantees.

Technical Architecture

Rhode Island will procure a health insurance exchange platform based on software architecture with multiple system components. RI expects that one or more vendors may provide these components and

they will be integrated via an enterprise service bus using web services architecture. For phasing purposes, the minimum requirements were designed to enable the health insurance exchange to be instantiated with four key workflows: (1) assess eligibility; (2) certify plans; (3) shop for a qualified health plan; and (4) enroll in a qualified health plan.

Additionally, components that would be necessary to scale and enable changes to the insurance exchange will need to be added shortly after Exchange launch. RI has identified minimum system components for system launch, as well as additional components to be included shortly after launch. The Rhode Island Health Insurance Exchange will consist of a multi-tier architecture, and will utilize the following layers and design patterns:

- User Interface Layer: Browser based application to display information to consumers.
- Enterprise Integration Layer: Identity resolution for members and providers; conducts transactions with existing legacy state systems, and interaction with federal services for verification and transactions. Alignment with open standards and NIEM will be enforced.
- Business Rules Layer: Separate set of technology-neutral business rules that will be maintained as a set of policies that can be imported and exported with other states and systems. Additionally, maintaining a separate business rules layer enables the use of external state innovator systems either at the rule level or the actual system.
- Information Management Layer: A separate layer will be used to define the types of data that will be measured and reported to ensure quality, integrity, value, and usefulness of the insurance exchange functions. This layer will encapsulate the reporting and evaluation measures that the project will utilize for core operations and project tracking.
- Security Layer: Separate authentication, authorization, access control, and audit rules and engines for evaluation will be constructed. For audit, measurement and management tools will be in place in order to verify adherence to security policies.
- Data Layer: Consistent and exchange-wide data schema will be used to model both the data and relational data storage and mapping to the integration service transactions.

These features are described in more detail in our strategic architecture blueprint and roadmap.¹⁹ The strategic architecture blueprint details the logical, functional, and technical components required for the Exchange and models their deployment. The roadmap details the implementation and release strategies.

Applicable Standards

The standards described below will be incorporated into ongoing program requirements, particularly those utilized to select and implement the core Exchange functions. The State's approach to meeting applicable standards is outlined below; all IT systems and components that the State procures or leverages will meet these requirements:

- 1561 Recommendations: Rhode Island is committed to providing a consistent end user experience driven portal as part of its user interface layer. This will be based on Rhode Island's participation in the User Experience 2014 Project (UX 2014) being spearheaded by the California Health Care Foundation (CHCF) and IDEO via CCHIO. Rhode Island will ensure a seamless experience for consumers that will also be consistent across insurance exchanges. Additionally, as noted above, Rhode Island intends to utilize the NIEM for interactions with federal verification sources and with State systems. As the NIEM is established for the health domain, Rhode Island will enforce and implement these standards as part of its web services deployment on the Enterprise Service Bus.

¹⁹ CALT → RI Exchange Collaboration → Establishment Two → "9_RI Strategic Architecture Blueprint" & "10_RI Roadmap and Budget"

- **HIPAA:** Rhode Island’s Information Technology Service Division (ITSD) includes security officers specially trained in the system components Rhode Island will procure. Rhode Island’s health insurance exchange will enable HIPAA requirements by conducting ongoing internal and external reviews of its administrative and technical safeguards.
- **Accessibility:** Rhode Island’s technical development standards already include policies requiring that websites provide specific usability features for individuals with disabilities. The unified communication system component will provide multiple modalities for consumers to access a world class experience when interacting with the health insurance exchange. Rhode Island’s user interface will be Sections 508 and 405 compliant, and will adhere to the W3C Accessibility Guidelines. Rhode Island also intends to adopt guidance derived via the user experience project.
- **Federal Information Processing Standards (FIPS):** As part of its gap analysis and evaluation of existing systems, Rhode Island reviewed federal guidelines and intends to incorporate such guidelines into its health insurance exchange system selection and implementation. Rhode Island will identify relevant application federal guidelines to enable:
 - Leveraging Rhode Island IT governance to review and align security controls between state policies and insurance exchange operations;
 - Repeatable processes and guidelines for selecting and implementing security controls;
 - Incorporation of security controls and requirements into the ESB;
 - Enabling system security according to FIPS 199; and
 - Systematic and periodic assessment and measurement standards adherence.

Resource Planning

Based on the prior analysis and review of options, the State prepared an implementation roadmap to fulfill the State’s strategic exchange architecture. The strategic architecture is a high-level set of blueprints and roadmaps to guide the State in assessing the gap between its current IT assets and those needed for an exchange and to estimate the costs required to support implementation under various scenarios.

This roadmap identifies the resources needed at each stage of the project and forms the foundation of the resource plan and budget for the IT components needed for a successful design and implementation of a health insurance exchange system that can interoperate with the State’s legacy systems while providing a clear architectural path forward for the state and exchange systems.

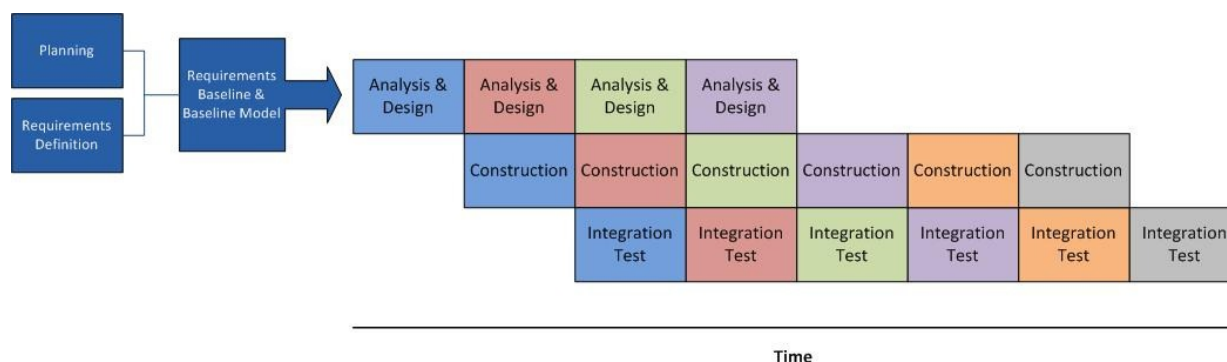
The implementation strategy is intended to be realistic and comprehensive. RI plans to locate the team in a single facility, and equip it with strong methodology, standards, and tools to maximize productivity. Multiple options have been considered to provide the solution – build, buy and configure software packages, and a hybrid that could also leverage components of solutions being developed by early innovator states. The strategy includes implementing the target blueprint in two major releases, for a number of reasons. First, it is considered a leading practice to deliver large solutions in multiple releases, to mitigate risk and enable course corrections between releases. Second, two releases are necessary given the aggressive timelines of the program to begin operations. Requirements and components will be developed iteratively, so that as the work proceeds and details become clear, additional sub-releases will be defined. The use of multiple releases supports the gradual design and implementation to manage the implementation of functionality that is critical for open enrollment in the first release, and then to stage additional functionality in a subsequent release, soon thereafter. The schedule and budget for the complete implementation has been defined.²⁰

The implementation plan is separated into two releases. The initial release focuses on the minimum necessary components: Mobilization, Detailed Requirements, and Procurement Process. Once the

²⁰ CALT → RI Exchange Collaboration → Establishment Two → “10_RI Roadmap and Budget”

procurement process is completed, Release 1 moves into a deployment phase for data management, privacy and security, rules engine, enterprise service bus, Exchange portal, B2B gateway and unified communications. In parallel, back office and service delivery packages will be deployed. Once the packages are deployed, the delivery phase of the project begins and overlaps with the integration and conversion phase. The implementation plan includes connections with the data services hub for federal source eligibility verification; with existing state systems for additional information which may be needed for eligibility determination, case management (by navigators and other assistors), data extraction, and transformation and loading; and with insurance carriers for certification and enrollment.

Iterative System Development Lifecycle Methodology



The System Development Lifecycle (SDLC) approach for constructing the RI's Exchange will be a modified iterative development approach. It balances traditional milestones in some project phases with iterative approaches for the core phases of design, development & internal testing.

Planning and requirements definition are similar to what is expected of a traditional waterfall methodology approach. This is necessary to facilitate defining the overall needs of the entire Exchange and to allow for procurement of configurable solutions appropriate to the requirements. Once these phases are complete, RI's SDLC transitions to an iterative methodology for the design and construction/development phases. In these phases, instead of managing very large project phases, the same disciplines and tasks are used, but are managed in smaller work bundles or pieces called iterations.

Iterations are bounded by time; time is determining factor in the amount of functionality that can be reasonably produced during each iteration. Breaking the project down into smaller pieces provides for agility in the face of evolving federal and state guidance and makes it easier to shift work among iterations. Additionally, since the overall requirements for the Exchange have been defined up front, there is no rigid requirement that a particular Exchange business function be developed before another, allowing multiple teams to work in parallel during the Development phase. The result of each iteration is a working system that grows in functionality as time progresses. Stakeholders will see concrete, measurable results at the end of each cycle, preventing extensive (and expensive) redesign during the Acceptance Test phase of the project.

Early Innovator Analysis

As referenced in the discussion of Past Progress, the State has actively participated in the NESCIES early innovator process and advocated for sharing high-value components that meet its proposed to-be architecture and implementation approach. Use of these components has the potential to greatly advantage Rhode Island and other Consortium states in their exchange solution development.

The State's approach aligns closely with the to-be architectures described by NESCIES, (as well as with Maryland), especially with the deployment of a web-services oriented architecture that integrates with existing state systems via an enterprise integration and interface framework. The architecture is also similar to NESCIES and Maryland, as it looks to extend and integrate legacy systems by wrapping them

with web services as a method to loosely couple real-time Exchange transactions with existing mainframe based batch-processing models.

As the State moves towards its Exchange system procurement, discussions with other NESCIES participant states have intensified. Specific components are being identified and confirmed as to how they would be included as part of the State's technical architecture, including the deployment model and long-term plans for maintenance and operation.

The State's work plans include ongoing analysis of systems and work products that will be made available via the CCIIO application lifecycle management process. As they are made available, these will be factored into the overall design and be evaluated as part of the technology selection process that the State will utilize as part of its technical approach. In addition, Rhode Island will also track the National Information Exchange Model for open standards and interoperability.

Project 2: Consumer Support

As described above, Rhode Island envisions a single portal, where Medicaid eligible individuals, subsidized individuals, individuals purchasing without any subsidy, small employers and employees of large employers can understand their requirements and their coverage options, and shop for health plans. While Project 1 provides the technical infrastructure to achieve this vision, Project 2 will put in place the necessary people, processes and organizational structures to support this vision.

As part of its exchange implementation efforts, RI proposes an integrated, coordinated, and efficient approach to interfacing with consumers and other exchange customers and partners. This project will encompass consumer assistance, consumer appeals support, call center strategy and establishment, navigators and brokers management, and outreach and education activities. Information from the consumer assistance gap analysis funded through Establishment Level One will be forthcoming this calendar year. This analysis will detail the existing consumer assistance infrastructure in RI, currently shared by several agencies across state government, identify existing gaps in our consumer assistance infrastructure, project future needs, and provide a plan for an effective, efficient consumer assistance infrastructure in RI that will meet the needs of the Exchange and be well-integrated with other consumer assistance services across state and community agencies. This report and plan will be developed in conjunction with stakeholders, with active solicitation of information, assistance and advice from state agency and community stakeholders. Subsequently, the report will inform the development of a purchasing strategy to supplement the existing consumer assistance infrastructure within RI as needed.

Establishment Level Two funds will be essential to building the consumer support infrastructure that Rhode Island needs to launch its exchange on time. RI has divided this large project into four subprojects; appeals/grievances, call center, navigators and brokers, outreach and education. Key tasks supported by Level Two funding for each subproject are outlined below.

1. Appeals/Grievances:

Pursuant to federal guidance, the exchange must allow individuals to appeal eligibility determinations for premium subsidies and exchange participation, as well as handle appeals from employers. Rhode Island has already begun to develop the requirements for the systems and infrastructure needed to administer appeals functions, and plans to coordinate this infrastructure with efforts to track and respond to consumer grievances. Tasks supported by Level Two funds will include:

- Develop business processes and an operational plan for appeals functions by the end of the second quarter 2012
- Develop processes to track, monitor, and report on all consumer assistance inquiries and complaints
- Build supporting appeals/grievances systems (if needed)
- Hire staff to handle all forms of appeal determinations, including related training by 2013

- Map a consumer-friendly referral process if the inquiry or appeal should be handled by another entity. This task will require coordination with the Medicaid Program, the Department of Health, and the Attorney General's Office.

2. Call Center:

Rhode Island plans to develop its Consumer Assistance Program in close collaboration with existing state health insurance-related call center functions, including the existing infrastructures of the Medicaid Program, the Department of Health, the Dept of Business Regulation, and the Attorney General's Office to determine if there are any call center functionalities within the state that can be shared. RI plans to contract with a vendor to provide / supplement call center services. Tasks supported by Level Two funds include:

- Develop plan for call center integration with other state, federal, and/or regional entities
- Develop detailed specifications for procurement of a call center vendor, in 2012. Possible specifications include IVR functionality, volume overflow management, sophisticated call/inquiry tracking and reporting system, and a knowledge center for CSRs. RI anticipates selecting a vendor by June 2013.
- Define call center policies and procedures

3. Navigators and Brokers:

The ACA gives broad discretion to an exchange to work with various community and advocacy organizations, employer and labor groups, professional associations, and/or brokers as navigators. These groups have strong mission-related and/or commercial interests in how the exchange defines the navigator role and compensates the various navigator functions. Sorting out roles and developing a fair and effective way to train, communicate with, contract with, and manage navigators will be challenging. Rhode Island recognizes this challenge and plans to use Level Two funding to develop a Navigator management strategy.

- Define stakeholder engagement strategy for navigators and brokers
- Describe current roles, functions, capacities and reimbursement of navigators and brokers in the public (Medicaid) and commercial market.
- Partner with OHIC on development of broker strategy
- Develop a plan, in conjunction with OHIC and Medicaid, to communicate with, contract with, train, compensate, and manage navigators and brokers, building on existing community resources.
- Develop specific financial model for navigator compensation – including budget impacts
- Identify potential navigators and develop selection criteria
- Develop navigator recruitment plan
- Draft specifications for navigator and broker specific modules on website

4. Outreach and Education:

Public and stakeholder outreach and education will be critical to the overall success of the exchange. Development of an outreach and education plan is in progress will continue with stakeholder input in 2011 and the first half of 2012. The outreach and education effort will need to incorporate consumer and stakeholder research, as well as development of a brand identity and marketing strategy. RI's exchange will also play an important role as a source of information about the broader implementation of health reform in RI, as well as for information about the performance of RI's health insurance and health care delivery system, with a focus on value, efficiency and affordability. RI anticipates providing a plan to HHS for review by mid-2012. Under this establishment grant our efforts in this area will ramp up considerably, including:

- Hiring a consumer support project lead (funded initially through Level One), stakeholder lead, and sales and marketing personnel
- Creating tool-kits for outreach workers

- Establishing performance metrics for outreach staff
- Developing a media strategy (inclusive of message & media relations)
- Developing brand and graphical identity for the exchange
- Testing materials and messaging with public through focus groups
- Working with tribal leaders on education and outreach to tribal members
- Conducting on-going stakeholder engagement

RI will continue to refine the outreach and education plan as feedback is solicited and received. RI plans to launch the outreach and education strategy in the first part of 2013.

Project 3: Reporting and Evaluation

This project encompasses federal and state reporting requirements as well as a plan for program evaluation and data analysis. In the next two years, the exchange will develop the capacity needed to carry out these tasks, including data collection, staffing, and IT infrastructure and systems, as described in our workplan. The state has already drafted a plan for data and evaluation activities needed by the exchange that will evaluate and track progress of the Exchange on accomplishing its goals and objectives.

RI will develop data collection, analysis and reporting systems in the following key reporting areas:

1. Reports to the IRS on enrollment and subsidies. RI plans to procure this system as a component of the larger IT procurement strategy.
2. Qualified Health Plan performance and quality measures. This information will be critical for initial and ongoing plan certification activities, providing comparison shopping information to consumers, plan oversight and monitoring, and to meet the required areas of quality reporting by Exchanges in the ACA.
3. Internal and public reports on exchange activities. This will include exchange activity – website use, portal use, call center use, individual plan enrollment, SHOP enrollment, plan offerings and certification, etc. This will also include information that will measure the impacts of the Exchange on access to care and use of health services, health insurance affordability for individuals and SHOP, member satisfaction, costs and expenditures.
4. Quarterly reports to HHS to meet statutory and regulatory requirements.

In addition to these reporting areas, Rhode Island engaged Wakely Consulting Group to prepare a data and evaluation plan, which was completed in September 2011. This plan will enable the state to track the performance of the exchange in general, as well as other aspects of health reform implementation. In particular, the data and evaluation plan will measure the impact of the Exchange on the population served by the Exchange, including impact on health insurance coverage and affordability, health care access and utilization, member satisfaction, health care quality, health status and health outcomes. As well, the data and evaluation plan will measure the impact of other exchange-related provisions (e.g. rate review, risk adjustment, etc.) on price and affordability. A robust measurement and evaluation program will provide the state with the information needed to demonstrate success, identify issues needing mid-course correction, continually improve processes and programs, and identify unmet public health and programmatic needs that should be addressed.

With Level Two funding, our proposed approach to evaluation, as detailed in the report, will maximize utilization of existing data sources, including existing national and state survey data, administrative data, as well as enrollment and other data that we anticipate the exchange as well as regulatory agencies will be collecting in the course of their day-to-day operations. We propose adding analytic resources to allow enhanced analysis of existing data sources, such as the MEPS, which is a rich data source on both employer practices related to health insurance as well as household impacts, CPS, and ACS. The evaluation plan will also utilize data that will become uniquely available through the development of a statewide All Payer Claims Database (APCD). These data sources will be supplemented by a RI-specific

household health insurance survey (baseline survey in 2012 with a follow-up survey in 2014) as well as more targeted surveys and focus groups as needed. Taken together, this data and evaluation plan will provide critical information to ensure the exchange is meeting its policy goals and objectives. It will also ensure that the state can quickly recognize and make any mid-course corrections needed to address any unforeseen and unanticipated effects.

Project 4: Governance and Staffing

The Executive Order of the Governor created the exchange and named a Board for the exchange. This exchange has the authority to implement the Exchange-related provisions of the ACA. The Executive Order is described in Subsection a of the project narrative.

RI has developed a staffing plan that will put in place the core exchange management team by early 2012. RI has identified key early hires: specifically, a director, an operations director, a policy director, and a finance director. Contracted staff will be used to lead several initiatives in both the planning and implementation phase. Resources from sister agencies (OHIC and Medicaid, for example) will be leveraged where possible to achieve efficiencies in staffing. RI's detailed staffing plan can be found in Section I of this application.

Once the core management team is in place, RI plans to create a formal operating charter, to be completed by the end of calendar year 2012. A public process will be used to create and finalize the charter, which will include Board and public participation. In the second phase of staffing (2013) RI will bring on executive counsel, a sales and marketing director, as well as additional financial and IT staff support.

There has been regular contact between the executive branch and the legislative branch during the consideration of Exchange legislation and finalizing the executive order, with a particularly important role played by the Lieutenant Governor's office. Regular contact between these branches will continue through the exchange implementation process.

In addition, Rhode Island has developed a robust stakeholder process. As described in Subsection A of the Project Narrative ("Past Progress"), Rhode Island has an engaged and active stakeholder community that is closely involved in the Exchange development and implementation process. The Exchange Planning Stakeholder Workgroup (Workgroup) meets regularly, providing valuable input to the planning process. The Workgroup will continue to meet through the rollout of the exchange. The Workgroup has provided important input in particular to exchange goals and design to date. Future issues that will be brought forth to the Workgroup for comment going forward will include (but will not be limited to):

- SHOP exchange design, including further discussion of options for employee choice
- Consumer information and assistance: Outreach and education efforts, including navigators
- Standardization of plan designs and development of Qualified Health Plan (QHP) certification and rating processes
- Coordination of exchange goals and operations with other state-wide health reform initiatives
- Change Management Initiative: RI will work closely with the stakeholder community to develop a process to help transition the existing consumer assistance infrastructure, including state agency and community-based programs, to an enhanced infrastructure which will leverage and coordinate with new exchange-specific consumer assistance systems and processes. Such systems and processes include the web portal, call center, navigators, decision support tools, and online enrollment.

Stakeholder meeting notices, agendas and meeting materials are regularly posted on a central state website (www.healthcare.ri.gov) and will continue to be publicly posted. Meeting summaries will be provided to HHS as a component of routine reporting. Once the Exchange has its own webpage, meetings will be posted on the Exchange website. Rhode Island met with tribal leaders in the state and will continue to incorporate tribal input in the exchange planning process, utilizing a joint communication process with Medicaid, as previously described.

Exchange planning staff (and subsequently exchange staff) will implement RI's Project Management Plan.²¹ The project has been organized into seven major initiatives, each of which has a set of critical milestones, detailed task requirements, and vendor support. The governance model, working group structure, and core project templates have been carefully developed to enable frequent communication, leverage limited state staff, and facilitate escalation of issues as needed.

Project 5: Health Plan Certification

Certifying QHPs is one of the most critical tasks performed by the Exchange. The process must be efficient and not duplicative. In addition, it will be important to have strong relationships with and ongoing communication with carriers, to ensure their participation. This is particularly important in RI given the small market and limited number of currently available carriers.

Given the importance of QHP contracting to the success of the Exchange, we have already started discussions with stakeholders about the QHP certification and contracting process. A key contingency in planning for the QHP certification process is the forthcoming federal regulation on essential health benefits. After these regulations are available, the state will need to make policy decisions about the set of benefits and other criteria that QHPs must meet.

In order to have QHPs "on the shelf" by January 1, 2014, we propose to hire staff to lead procurement efforts early in 2012. This staff will reach out to carriers as well as across agencies, in order to establish opportunities for coordination and potential efficiencies in the certification requirements and process. The staff will build on national quality rating systems (e.g. NAIC and NCQA) and state standards, in the development of detailed criteria for QHP certification.

Using Establishment Two grant funds, Rhode Island will develop a QHP strategy and approach that is consistent with federal regulations and guidance, reflective of the policy goals of the Exchange, and consistent with current best practice in the state and national insurance market. RI will evaluate potential purchasing strategies, carefully considering impacts of various approaches on key participants, such as health plans and state agencies. Important questions to be evaluated will be:

- How do these strategies comply with federal guidance, state goals, and national best practices?
- Are there areas of alignment or integration with existing state infrastructure? And if so, should exchange align with these standards?
- How will strategies impact the plan for integration of individual and SHOP procurements?
- What is the likely carrier impact and response?
- What is the impact on consumers?

Stakeholders, including carriers, consumer representatives, and provider organizations, will continue to be consulted throughout this process. The state will outline a carrier engagement plan that will provide information and technical assistance to carriers on how to meet the requirements to be considered for certification. Once there is an agreed upon strategy, the state will draft application templates, which may be in the form of minimum specifications or an RFP. Such application materials and processes for certification will be in place by 2012 to have a sufficient number of certified plans in place by June 2013.

Project 6: Financial Sustainability

Rhode Island faces unique challenges in creating an exchange serving the individual and the small-group markets. These challenges include the small anticipated scale of the exchange and the limited number of carriers in the Rhode Island market. As it moves closer toward implementation, Rhode Island will need to continue to undertake careful, detailed research to make sure that its exchange is sustainable and creates value for its residents. This research will build on work that has been conducted to date, as discussed

²¹ CALT → RI Exchange Collaboration → Establishment Two → "12_RI Project Management Plan v1.1"

earlier in this document, and will become more detailed and precise with each iteration as RI progresses further to the launch date for the exchange.

RI proposes to undertake a household insurance survey in combination with micro-simulation and actuarial modeling, in order to gain a detailed look at anticipated take-up, population behavior, and any unintended effects of exchange development.

The first phase of this three-phased research plan would be a household insurance survey. This survey would provide current, state-specific information about insurance coverage, income, employment, access to employer sponsored insurance, potential eligibility for exchange subsidies, health status, and household composition. This survey could be tailored to focus on populations of particular interest to the state for Exchange development, such as currently uninsured and low-income populations. This data is essential for modeling anticipated take-up of exchange programs and for measuring and evaluating the impact of the Exchange over time. RI is planning to undertake a household survey in early 2012 and has already started working with technical assistance from the State Health Access Data Assistance Center (SHADAC) to develop the survey instrument, with funding provided through the Robert Wood Johnson Foundation. RI anticipates issuing an RFP this fall for an experience survey firm to conduct the survey.

Data from the household survey will be used as key inputs into a micro-simulation model. This would be a dynamic model that will estimate with some precision how individuals and employers will respond to the ACA. The estimates will be made in consideration of the rich set of interacting incentives newly present under the ACA and the reactions to those incentives by employers employees, and household health insurance decision-makers. RI proposes to contract to develop and conduct micro-simulation modeling for RI with experts or organizations that have experience undertaking micro-simulation modeling in other states. The result of this analysis will be a detailed picture of how the ACA will impact movement of individuals into and out of insurance coverage, across different types of coverage, and into and out of the newly established Exchange. This analysis will be completed by mid-2012.

The third phase of research would be an actuarial analysis that builds on the results of the micro-simulation model. Using the detailed results of the micro-simulation model, an actuarial assessment will provide (1) more refined estimates of anticipated premiums in the exchange (which in turn drive exchange revenue and sustainability), (2) a revised analysis of financial viability of the Basic Health Plan option for RI, and (3) an analysis of potential adverse selection issues in and outside the exchange.

This research plan will inform many key policy decisions that will be made in 2012, including designing essential health benefits, finalizing a decision about the Basic Health Plan, and deciding whether to recommend a statutory change that would merge the individual and small group markets.

In addition, the outputs of this modeling will be used to update and revise Rhode Island's financial modeling for its exchange. As a small state, Rhode Island is challenged to create a financially sustainable exchange that is entirely self-funded post-2014. Key cost and revenue assumptions must be regularly revisited to protect the state financial burden. Therefore, a critical task of this grant is to synthesize background research into a plan for financial self-sustainability. This plan will take into account the broad list of exchange functions and their anticipated customer profile and use, from website portal, eligibility determination for all state health insurance programs, to projections of individual enrollment in subsidized or non-subsidized exchange products and SHOP enrollment. RI's sustainability plan will consider implementation as well as ongoing operational costs. RI is working closely with an Exchange planning vendor to develop a "working model" of this business plan – recognizing that the state needs both an initial plan, as well as the ability to continuously and carefully update key assumptions driving the budget as analyses are continuously updated. Key inputs that will be modified include use of each exchange function, insurance take-up, user fees/assessments, technical infrastructure/vendor costs, staffing requirements, and compliance with ACA private insurance reforms. The budgeting tool created by

Wakely Consulting will be restructured for staff use, so that the exchange staff can provide ongoing financial sustainability analysis in-house.

Risk adjustment is also an important component of financial analysis for the Rhode Island exchange. Early project tasks include outreach to carriers, development of the robust enrollment and claims database needed for analysis, and development of a risk adjustment methodology in consultation with plans, which is acceptable by CMS. By late 2012, Rhode Island must decide whether to adopt federal methodology for risk adjustment or to propose alternative methods. In 2013, Rhode Island will begin analysis to quantify the potential impact of risk adjustment methods on its markets, and based on this analysis, make adjustments as needed.

RI is developing a commercial claims database and analytics to support Rhode Island's risk adjustment requirements. This database will also be used to develop and operate RI's reinsurance program and will provide information to verify the accuracy of plan submissions for rate changes as a component of rate review requirements. Additionally, the database will provide critical information for the operation of the Exchange. Development will include technical specifications for claims data submission, implementing ongoing database maintenance procedures to edit data submission and map member, claims and providers across multiple carriers, hosting the database with appropriate privacy and security safeguards, applying appropriate analytic and risk adjustment software, and providing analytic files and analyses as needed.

Under a RI law enacted in 2008, [Chapter 23-17.17-9 Health Care Quality and Value Database](#) the Rhode Island Department of Health has the authority to establish and maintain an All Payer Claims Database. The law directs private and public payers to submit claims for health services paid on behalf of enrollees. All major health care payers will provide information to the APCD by submitting files to a technology vendor. The files will contain information about their members, their provider network, and claims paid to providers on behalf of members. All of RI's major health plans will provide all claims paid on behalf of their members, including fully-insured and self-insured commercial enrollees; the individual market; Medicaid managed care enrollees; and Medicare managed care enrollees. The state Medicaid program will provide both Medicare and Medicaid claims paid on behalf of fee-for-service enrollees.

The database will be developed using standards and formats necessary for the database to be used for payment functions, including risk adjustment and reinsurance. The plans will submit written attestations verifying the accuracy of the data. Data will be hosted by a vendor with a well-optimized data warehouse capacity, which will provide access to the public data, along with analytic tools. In the development of the state's risk adjustment methodology, the state will select risk adjustment software that will meet the federal requirements for risk adjustment. The host vendor will add the appropriate software to the database, so that it can be extracted and used to calculate risk adjustment payments in the small group and individual markets. The state will contract with an auditing firm to routinely conduct financial audits of the database, to ensure the data meets financial standards for risk adjustment and reinsurance payments.

APCD data will provide RI's Exchange with the necessary information to inform the design health insurance products, and to enter into the most efficient and affordable health insurance contracts. It will also provide health plan quality information needed for the Exchange website to assist Rhode Islanders in making the best decisions when choosing their health insurance plan. The APCD will be used, in conjunction with information from NCQA, to meet the quality reporting requirements for Exchanges detailed in the ACA. RI plans to specifically identify members in the APCD who are enrolled in health insurance through the Exchange. This will enable an analytic vendor to provide analyses and reports for use by the Exchange that will measure the utilization and costs of Exchange enrollees, and show trends over time as more and more uninsured individuals obtain affordable, effective coverage through the Exchange. The APCD will provide critical information to evaluate the impact of the Exchange on access, quality, efficiency, health status and health outcomes of exchange enrollees.

The APCD will be fully implemented by January 2013 in order to meet the federal requirements for commercial market risk adjustment.²² In 2013, the database will be ready to begin analyses, including commercial market risk adjustment and the reporting of key performance measures of RI's health system. Key performance measures will include preventable hospitalizations, readmissions and avoidable emergency department visits, and will include benchmark comparisons across various areas of RI, as well as to other states. Readmission measurement is one of the ACA- required quality reporting measures for Exchanges. The APCD will provide the source for that required measurement.

There are four basic functions to implement and maintain the APCD. The state will contract for these functions with one or more vendors, through a series of RFPs.

1. An RFP will be issued this fall for a vendor to conduct APCD development, oversight and management. This vendor will conduct a detailed business needs analysis of the APCD for the Exchange, risk adjustment, and reinsurance. The vendor will develop purchasing specifications for contractor(s) to host and provide analytic services for the APCD to meet these business needs.
2. An RFP will also be issued this fall for an APCD claims aggregator. This vendor will implement and operate technical requirements for data submission, edits for quality and completeness, data matching, and database maintenance and organization (organize as a unique person-level longitudinal claims data base with a separate merged provider directory), and will receive, process, organize and maintain public and private payer data, including member files, claims files and provider directories.
3. After the completion of the business needs analysis (in 1 above) an RFP will be issued for a host vendor which will maintain the capacity to host the fully organized APCD, with quarterly updates from technology vendor, build the infrastructure to provide web-based access to the public components of the database, and acquire analytic tools and software needed to meet the business needs of the exchange, risk adjustment, reinsurance, and rate setting.
4. In 2012, an RFP will be issued for an analytic vendor, which will create and implement an analytic plan for use of the APCD which will meet the analytic needs of the exchange, risk adjustment, reinsurance, and rate setting as defined in the business needs analysis. The analytic plan will include templates for routine data rollup reports as well as defining policy analysis/evaluation reports.

Project 7: Oversight and Financial Integrity

Rhode Island recognizes the need for a strong financial management and accounting systems, and plans to use additional grant funding to continue to build on the work performed under the Level One Establishment grant. To that end, RI plans to conduct an assessment of existing state accounting and financial reporting software. This assessment will not only inform the decision on whether to share or buy exchange financial software, but may also point to synergies across agencies that will help promote efficiency in financial management.

Exchange financial systems will need to produce timely and accurate financial and management reports at a level of detail that will be needed by exchange operations and financial staff, but will also be expected by stakeholders including legislators, carriers, community groups, and others. The state identified as an immediate need the hiring of finance personnel that can begin to develop the necessary underlying accounting and reporting system, as well as to assist in the evaluation process for an appropriate accounting and financial management technology solution.

Additionally, procedures for an external audit of the exchange will be established. State health insurance exchanges are required to comply with a number of ACA-specified provisions regarding financial and

²² In July 2011, CMS (CCIO) issued draft regulation for Health Insurance Exchanges. Contained in these regulations were the state requirements for risk adjustment across the commercial market. This will adjust profits/losses across health plans that are found to be due to adverse risk selection. The regulations further specify that states with fully operational APCDs by January 2013 may use their APCD to meet the data requirements for risk adjustment.

program integrity. The exchange will be subject to regular audits by the Secretary of HHS and state auditors, as well as subject to ad hoc operational reviews.

RI will research and evaluate internal control and program integrity measures currently in effect in state government programs, but also look to the private market for best practices systems and processes. This will include researching leading public/private methodologies for mitigating fraud, waste and abuse which might include, but are not limited to, the following: effective ERP/Financial Management systems, well executed planning, forecasting, and budgeting processes, timely reconciliations of major accounts, vendor oversight, procurement management, effective internal controls, payment process oversight, and Sarbanes-Oxley-like control environments. RI will form an operational plan for the Exchange to mitigate financial risk, as well as ensure the integrity of programs administered by the Exchange. This plan will include considerations such as vendor oversight, procurement oversight, and the reconciliation of major accounts. The plan will also be cognizant of how the Exchange can put some of these controls in place now while moving towards full operability in 2014. Specific tasks include:

- Hire Finance Director to oversee the exchange fiscal and budgetary components, including financial planning, accounting, management of the reinsurance program, data analysis, and procurement support.
- Begin assessment of accounting and financial reporting software and hardware.
- Develop workplan for build out of an exchange financial infrastructure.
- Develop transition plan for management of grant funding from OHIC to Exchange.
- Develop accounting policies and procedures.

c. Summary of Exchange IT Gap Analysis

i. Overview

As described in the Past Progress section of this narrative, Rhode Island worked with Wakely Consulting and KPMG to develop an initial Exchange Information Infrastructure Plan, which included a current state assessment, a “to-be” architecture, a gap analysis, applicable standards, and resource planning.

The State of Rhode Island has also engaged and solicited feedback from internal and external stakeholders including current operating units, policy and technology resources, and external subject matter experts to identify both existing capabilities and new capabilities that the State will need to support new processes emerging from the Exchange functions.

Lastly, the State has actively participated in the New England States Consortium Insurance Exchange Systems (NESCIES). RI has worked towards identifying methods to maximize collaboration and reuse among state consortium members to reduce the overall work effort and cost of building and eventually operating an exchange. Rhode Island will collaborate with Massachusetts and Vermont through the NESCIES by jointly developing detailed design requirements for components of an Exchange IT system, which will be used NESCIES to issue an RFP to procure components of an Exchange IT infrastructure, where participating states can jointly leverage components as appropriate for each state.

ii. Current State Assessment

The Team conducted an “as-is” or current state assessment of the State’s systems and the systems’ capabilities to fulfill requirements in the Affordable Care Act (ACA). Existing State systems were reviewed for the following Exchange functions:

- | | |
|---|---|
| • Financial Management and Reporting; | • Enrollment Processing; |
| • Plan Certification and Risk Management; | • Appeals Management; |
| • Premium and Tax Credit Processing; | • Broker/Navigator Relationship Management; |
| • Eligibility Assessment; | • Marketing and Outreach; and |
| • Comparison Shopping; | • Customer Service and Account Management. |

The current state assessment resulted in the following key findings:

- No current system is reusable as a functional component.
- Technical quality of all systems is low, except for one system with respect to one component.
- No system exhibits strong functional and technical alignment
- Human Services Data Warehouse (HSDW) has some reusable technical components
- No single system has comprehensive functionality

In parallel with the current state assessment of existing State systems, the State conducted an assessment of existing state IT infrastructure and business processes and cross-walked the existing business processes with those required to operate the Exchange. The State relied on a Business Process Model (BPM) framework derived from ACA requirements, subsequent guidance, and the State's vision for the Exchange. The model is based on the Medicaid Information Technology Architecture (MITA) BPM template and methodology. This assessment resulted in Rhode Island analyzing its existing departments and beginning the process of defining new workflows and identifying needed transitions as part of the health insurance exchange planning efforts.

iii. To-Be Architecture

Rhode Island's to-be architecture envisions a separate exchange web-services oriented platform that will seamlessly interoperate with both architecturally modern and legacy systems. The State has begun planning for the ability to incrementally implement a separate open Exchange platform that will securely integrate with its existing systems via protocol-driven web services standards (when available). Using this approach, newer systems will interoperate via the open architecture, while legacy systems will be decoupled through a service bus layer via existing integration options such as batch EDI. This architectural approach also allows for multiple channels, as well as the co-existence of batch and real-time processing models, through the utilization of messaging queues and a transactional rules engine at the enterprise service bus layer.

The new system will be designed to function as a "system of systems" in order to leverage: (1) the maximum reusable assets from NESCIES; and (2) a web services oriented architecture that will separate presentation, business logic, business rules, and data layers. The deployment of a separate platform will allow the State to leverage existing legacy integration investments while incrementally utilizing and incorporating web services integration and application models for new Exchange functions. As underlying state systems are modernized, the transition from the legacy system to the modernized system will result incrementally in the deployment of a services-based architecture, enabling more transactions to occur in real-time, while reducing future change management risk.

Based on the real-time web services interactions required for a world class insurance shopping experience, and the incongruity of both existing systems and processes with that approach, Rhode Island is pursuing a procurement approach that will result in a new insurance exchange set of systems that will integrate with the legacy systems. By using an enterprise service bus, RI looks to encapsulate existing legacy systems to support a seamless shopping experience. For non-modified adjusted gross income (MAGI) eligible consumers, these will initially be referred to the existing legacy processes. For others who may be dually-eligible or may participate in multiple programs, interfaces will be developed that will allow for the new Exchange system to handoff consumer information and documents to the existing system. By wrapping these interfaces as web services, the legacy and new insurance exchange systems will be interoperable and adhere to National Information Exchange Model (NIEM) design patterns.

The State recognizes the need for a separate Exchange system that is modular and interoperable to support changes and expansion that will emerge over time. A separate system will allow the State to modify its business rules, logic, and various system layers by component. The resulting work effort discussed in

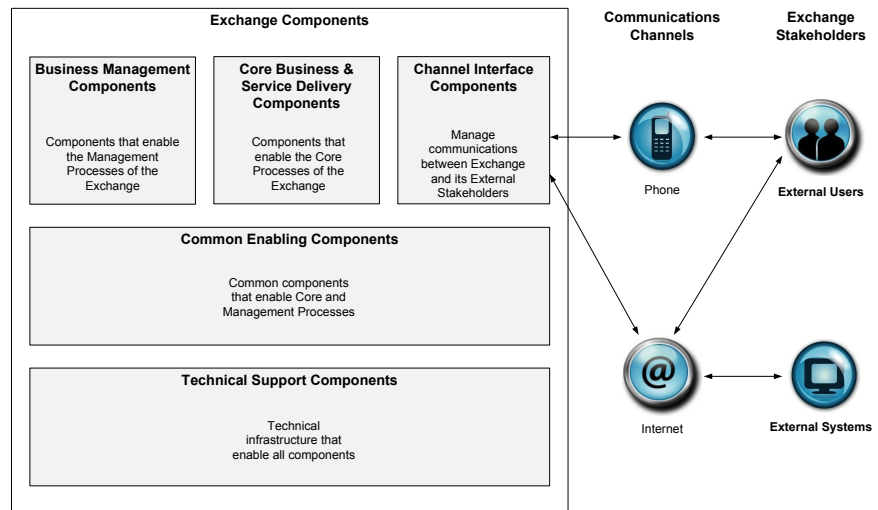
greater detail below, is a clear blueprint for how the following IT components will work together to deliver the core health insurance functions in a loosely coupled fashion:

- Exchange Portal;
- B2B Gateway and Enterprise Service Bus;
- Standards-Based Interface and EDI Components;
- Master Person Index of Clients and Providers;
- Information Management Tools;
- Content and Metadata Management;
- Privacy and Security;
- Financial Transaction Processing;
- Business Process Management; and
- Unified Communications System

By separating out the future state architecture into these logical components, the State has been able to design a service-oriented architecture to encapsulate various functions in order to take advantage of commercial off-the-shelf offerings and align with architectures and components that will be made available via the Early Innovator grant opportunities. As Rhode Island analyzed its systems, it also looked for ways to integrate and leverage security, infrastructure, hosting, networking, policies, and other IT infrastructure components into its technical roadmap. The State expects to be able to reduce cost, time, and risk by relying on this approach to complete the detailed architecture and design work as part of the Establishment Grant effort.

The State's to-be architecture is based on the requirements needed to deploy a real-time web services architecture that is able to (1) connect consumer services made available by the Center for Consumer Information and Insurance Oversight (CCIIO); (2) provide services to Exchange customers and existing state systems; and (3) enable orchestration and facilitate reusability by establishing a core set of technical and business components.

By establishing a core logical model, this architecture provides the foundation to establish the IT systems for the Rhode Island Health Insurance Exchange. The implementation workplan for these systems will be based on systems development life cycle (SDLC), alignment with NIEM exchange and standards, and a budget estimate for enabling the systems and processes. The figure to the right depicts the to-be architecture and its major components.



iv. Gap Analysis Summary

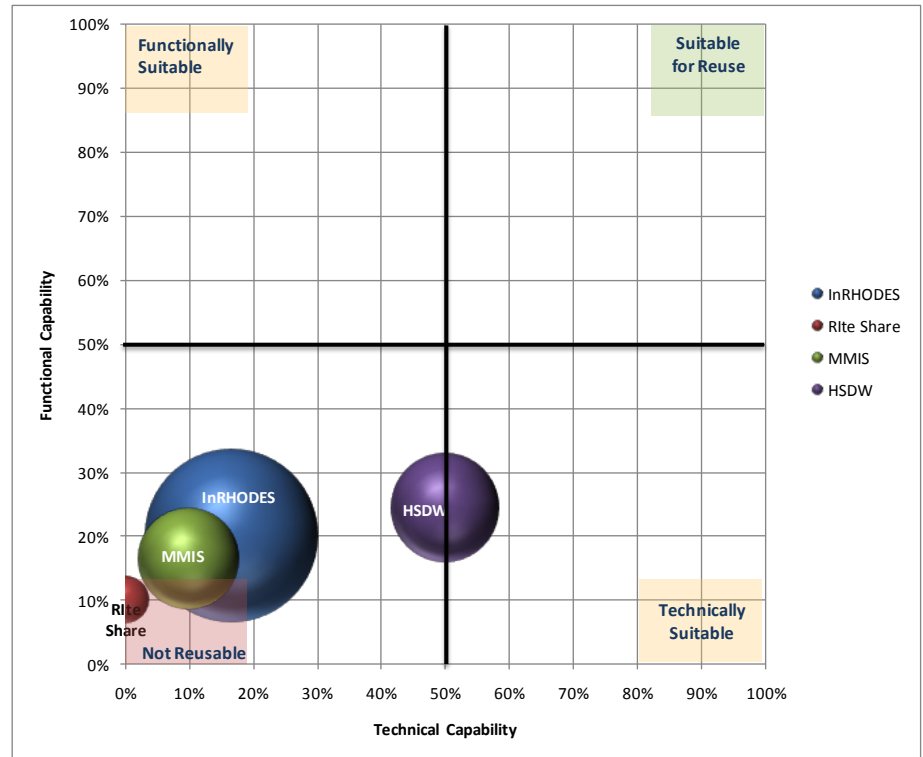
Rhode Island's IT systems are built on software technology that ranges from 20-year old transaction-based systems operating on mainframes to 3-tier web-based systems. Most systems provide limited-to-no access to the general public directly; however, one system, the data warehouse, has the technical capability to offer information management services. The ability for a system to provide a technical capability to the Exchange without Exchange-specific business functionality does not necessarily translate into re-usable functionality.

The table to the right summarizes RI system capacity to meet the technical requirements for each Exchange component in the to-be architecture. Red indicates little alignment, yellow indicates average alignment, and green indicates high alignment.²³

Technical Component	Current IT Systems			
	InRHODES	RIte Share	MMIS	HSDW
Information Management	Red		Red	Yellow
Master Person Index	Red			
Knowledge Management				
Financial Transaction Processing				
Business Process Management	Yellow			
Privacy and Security	Red			
Rules Engine				
Workflow Engine				
Data Management	Red			Yellow
Service Management				
Unified Communications				
Exchange Portal				
B2B Gateway	Red			

The team created a matrix illustrating the degree of functional and technical alignment of each State system with required Exchange capabilities:

- Systems in the top right quadrant (high functional and high technical alignment) are candidates for reuse.
- Systems in the top left quadrant (strong functional alignment but poor technical alignment) would require some improvement of the technical platform to be reusable.
- Systems in the bottom right quadrant (strong technical alignment but poor functional alignment) may have technical elements that can be reusable as a base to build out more aligned functionality.
- Systems in the bottom left quadrant (low functional and low technical alignment) are not candidates for the Health Insurance Exchange and may be candidates for retirement in a legacy renewal initiative.



As is illustrated above, the State's existing systems are not technically leveragable for purposes of the Health Insurance Exchange and within the required time frame for implementation. The State concluded that it will need to procure or build a new system to support the Rhode Island Health Insurance Exchange.

d. Evaluation Plan

As detailed in our proposal to meet program requirements (above), we have organized our plan for

²³ Additional detail available: CALT → RI Exchange Collaboration → Establishment Two → "8_RI IT Gap Analysis"

exchange implementation into seven major initiatives, each with its own detailed tasks, timelines, budget, deliverables and milestones. Our evaluation plan will not only monitor progress and measure the success of our efforts within each initiative, but also evaluate the impact of the exchange on health coverage, affordability, access, and quality.

In support of these twin goals, RI has developed two detailed reports, which are available for review. The first is a proposed data and evaluation plan for the exchange, developed by our contractor Wakely Consulting Group.²⁴ The second is a detailed project management plan that has been submitted to CMS for review.²⁵ These reports provide detailed explanation of key indicators, baseline data, methods for monitoring progress and evaluating the achievement of program goals, plans for timely interventions when targets are not met or unexpected obstacles delay plans, and plans for ongoing evaluation of exchange functioning once it is operational.

Specifically, the proposed data and evaluation plan proposes a strategy for tracking the performance of the exchange, as well as the impact of the exchange on health insurance coverage; health care access, quality and affordability; and health care outcomes. A robust measurement and evaluation program, like that proposed in the report, will provide the state with the information to demonstrate success, identify issues needing mid-course correction, continually improve its programs, and identify unmet public health and programmatic needs that should be addressed. The proposed plan makes use of current state and national data sources, including MEPS, CPS, ACS, the APCD, and other public databases, and supplements this data with plans to collect exchange administrative data, as well as several new data collection methods. The report suggests metrics to be evaluated, reviews existing sources that could potentially serve as baseline data points, and documents the source and availability of baseline data for each of the indicators. The plan identifies specific strategies to obtain additional data necessary to evaluate the exchange moving forward, such as survey deployment, and collection of enrollment and other administrative data in the exchange and in collaboration with other state agencies. It includes a timeline for evaluation programs through 2014, and provides cost estimates for various data and evaluation strategies.

In adjunct, RI has developed and submitted to CMS a detailed Project Management Plan. This plan details the assumptions, constraints and risk that will be used to guide the project management efforts; provides a statement of project scope; and describes the overall project management approach. The plan provides details of schedule development and management as well as a project scorecard for tracking progress and a template for issues management, to ensure timely interventions when targets are not met or unexpected obstacles delay plans. The Project Management Plan incorporates strategies for staff management and financial management, both in the planning and establishment phases. RI has also constructed a process that allows for substantial stakeholder input with frequent communication with the stakeholder community. A systematic risk management process is in place, which includes risk identification, risk assessment, and risk control. RI has developed a change management plan that defines the procedures by which project changes are submitted, documented, evaluated, tracked and approved. The Project Management Plan also details how RI will track process measures over time to measure success in meeting the goals each of the projects proposed in this application.

²⁴ CALT → RI Exchange Collaboration → Establishment Two → “13_Data and Evaluation Plan”

²⁵ CALT → RI Exchange Collaboration → Establishment Two → “12_RI Project Management Plan v1.1”